THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

January 6, 1940

U.S. May Heavily Tax Japanese Silk

An Editorial

Japan's Philippine Iron

BY RIZAL F. GATICA

Spring Offensive in Europe?

Shanghai Business in 1939

BY JOHN AHLERS

Two Years' Undeclared War in the Air

By Air Major-General C. J. Chow

VOLUME 91 PRICE 50 CENTS NUMBER 6

91-209

HONGKONG SHANGHAI TIENTSIN

CANTON SWATOW FOOCHOW CHANGSHA HANKOW

CHUNGKING KUNMING ICHANG WENCHOW NINGPO

WILLIAM HUNT & COMPANY

General Managers

for

HUNT STEAMSHIP CORPORATION

HUNT ENGINEERING CORPORATION

CHINA FOREIGN ASSURANCE CORPORATION

CHINA FOREIGN TRADE CORPORATION

NANYANG BROTHERS TOBACCO CO., INC.

WATSON'S MINERAL WATER CO., INC.

CHINA CORPORATION

NEW YORK LONDON

91-210

You Read . . . You Enjoyed . . .
You Loved the COMICS!

Now You Can Have Them In Book Form!

Here's A New Member of THE CHINA PRESS Family...

The China Press

Comics Magazine

containing 4 serial comic strips and the famous Flapper Fanny caricatures.....

ALLEY OOP.....*By Hamlin*
MUTT and JEFF.....*By Bud Fisher*
WASH TUBBS.....*By Roy Crane*
RED RYDER.....*By Fred Harman*
Plus FLAPPER FANNY.....*By Sylvia*

40—PAGES—40

Forty Cents Per Copy

On Sale at all Leading Book Stores or from the publishers

The China Press

160 Avenue Edward VII - - - Telephone 15426

Telephone Orders Taken

If you are SATISFIED

with

The China Critic

(中國評論週報)

WHY NOT GIVE YOUR RELATIVES AND FRIENDS

THE SAME SATISFACTION?

BE A "CRITIC BOOSTER"!

Subscribe Now! - - - - - Do It yourself!

"Subscribe to the Critic" - - Pass the word!

Subscription Rates for one year

(Including Postage)

China..... C.$10.00

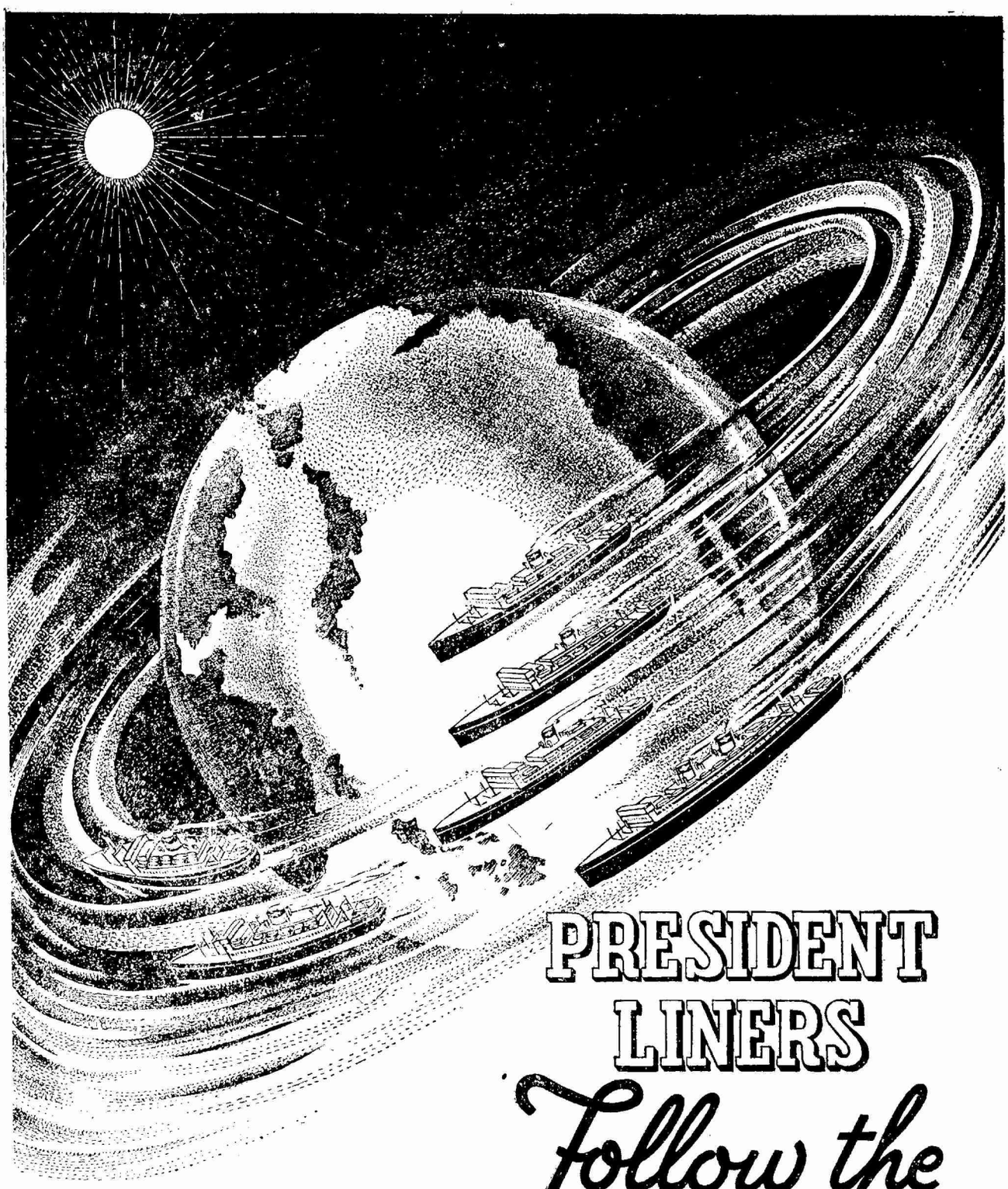
Other Countries..... G.$5.00

THE CHINA CRITIC

(中國評論週報)

桂中樞 C. S. Kwei, *Editor* | 朱少屏 P. K. Chu, *Business Manager*

191 Carter Road, Shanghai, China Telephone 31164



AMERICAN PRESIDENT LINES

"ROUND-WORLD SERVICE"

中華郵政特准掛號認為新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China

91-212

What People Are Saying

Comments from Readers on Current Topics are cordially invited; their opinions, however, do not necessarily represent the views of the *China Weekly Review*.

THE FINNISH STRUGGLE

To the Editor:

Far to the North a brave and proud people are waging a tremendous struggle in defence of their homes, many of which are already in ruins, while millions of Christian homes throughout the world are celebrating the birth of the Prince of Peace. In the bitter cold of the Arctic winter women and children faced a Christmas without even a roof over their heads while the hordes of a fiend are hurling themselves against the outpost of western civilization.

The Finnish lines are held by men whose faith has remained unshaken and who are cheerfully facing the supreme sacrifice in the firm belief that they will not be left to their fate by a world which for centuries has preached and fought for liberty and justice. These men and women are willing to die in order to preserve the sanctity of homes and to ensure that men shall not become slaves. For three long weeks they have held out against stupendous odds and they have made the Satan of the Kremlin realize that there is something greater than monster tanks and superior numbers.

Perhaps it is significant that the descendants of those who settled in the remote north less than a century before the birth of Christ should today be waging civilization's battle. No matter what the final outcome may be, Finland has by her glorious example restored faith and confidence, particularly to the smaller nations, and made possible the ultimate victory for the rights of man. With the passing of every hour the debt which the world already owes to Finland becomes greater, and in the heart of every real man and woman an insistent urge is making itself felt to come to her assistance.

Men and women of Shanghai: Are you willing to contribute your share towards this battle against intolerance and aggression in its worse form? Do you what to have the satisfaction that although you are thousands of miles away you are actually helping to stem the tide which threatens to submerge everything you hold dear? Make no mistake: This is not only Finland's fight, it is the fight of every decent man, woman and child. Your share in that struggle for freedom, liberty and culture will count more today than at any time in the future.

The Finnish Legation is located in the Astrid Apartments, 301 Route Cardinal Mercier, and contributions will be acknowledged in the local press.

K. A. PERSEN

Shanghai,
December 27, 1939

"SCHOOL FOR STUDYING"

To the Editor:

My Dear Master—I feel much sorry that I have to trouble you the second time. I am now going to enter a school for studying. Unfortunately the want of money interrupts me to do that. As you promised to bestow on me a favor whenever I need I therefore dare to inform you of my pains.

Tuitions and charges for meals and dwelling are on account of free charge therefore unnecessary. However the fees for books and sandries that I lack now are indispensable. Will you be so kind as to help me to do away with my troubles so that I'll be able to enter the school.

I have beeen in the Boy Scouts War Time Service, First Corps, in Hunan, but am now in Chungking where I and the other office boys from Shanghai will attend school. Shanghai text books here cost 80 percent additional and **The China Weekly Review** is on sale here for $1 a copy.

HSIA HSIN-YUAN

P.S.—I am your old office boy who went to the war more than a year ago and helped in the victory at Changsha.

Chungking,
December 1, 1939

WAR PROPAGANDA

To the Editor:

Skepticism is an essential element of a healthy mind. Without it, perception is dulled and one falls an easy victim to prejudice. This thought has been provoked by the number of people I have encountered who are inclined to swallow European war news, largely propagandistic in character, as if it were gospel truth.

How many people realize that the news coming out of Europe these days is carefully doctored by the war censors —in London, in Paris and in Berlin? To arrive at an approximation of the truth, it is necessary to read between the lines of the news dispatches and to bear in mind, while reading them, the source at which they originated and the channels through which they have passed.

There are other equally useful rules which newspaper readers might profitably observe. Among other things, they should consider not only the things that are said by politicians, diplomats and statesmen, but also the things that are left unsaid. A half-truth is often more effective than an outright lie in the work of mass deception.

Then, too, it is useful to compare the present-day statements of the belligerent politicians with the things they said earlier. By doing this, a veritable welter of cynicism and hypocrisy will be revealed. Another good rule is to watch the politicians' hands rather than their lips. It is amazing how infrequently their deeds square with their professions.

SKEPTIC

Shanghai, Jan. 3, 1940

THE CHINA WEEKLY REVIEW
Cable Address "REVIEWING SHANGHAI"
J. B. POWELL, *Editor and Publisher*
C. FRANK GLASS and HOH CHIH-HSIANG, *Assistant Editors*
F. K. CHAO, *Business Manager* TRYPHON V. KU, *Advertising Manager*

Index for January 6, 1940

Editorial Paragraphs

U. S. Likely to Assess Heavy Duty Against Japanese Silk 191
Shanghai Business Vicissitudes in 1939 .....*By John Ahlers* 194
Britain, Germany Raise Armies for Spring Offensive; Soviet Said Massing Troops for Drive into India 196
Allied Disagreement Makes the Definition of War Aims Difficult *By Raymond Moley* 198
Thrice-Moved Airplane Plant Now Turns Out One Plane Daily 199

Special Articles

China's War Dead Number More Than a Million, Japanese Claim 201
The Iron Mining Industry of the Philippines; A Source of Supply for Japan .....*By Rizal F. Gatica* 202
Soviet-Nippon Fish Accord Signed As Britain Moves to Appease Japan 203
Two Years of Undeclared War in the Air ..... *By Air Major-General C. J. Chow* 204
China Institute Arranges Technical Training for Chinese Students in U.S. 208
Looming Cabinet Crisis Casts Gloom Over New Year Festivities in Japan; China Still Optimistic 209
Bumper Rice Crops Assure China's Food Supply ..... *By William Chang* 212

Departments

What People Are Saying 189
Outstanding Events in the Sino-Japanese War 218
Who's Who in China 219
Men and Events 220
New Books of Interest in the Far East 223

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA. YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWENTY TWO DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. ADD $6.00 TO COVER EXTRA POSTAGE TO HONGKONG. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917. BY AIR-MAIL—TO CHUNGKING AND ELSEWHERE IN WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE IS $38.00 A YEAR OR $20.00 FOR A HALF-YEAR.

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

ALL EDITORIAL, TEXT AND OTHER MATERIAL IN THE WEEKLY ISSUES OF THE CHINA WEEKLY REVIEW IS COPYRIGHTED UNDER CERTIFICATE OF REGISTRATION NO. 2953 ISSUED BY THE MINISTRY OF INTERIOR OF THE NATIONAL GOVERNMENT OF THE REPUBLIC OF CHINA.

NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, January 4, 1940

Demand selling rate on New York: U.S.$1.00—Sh.$13.22

Demand buying rate on New York: U.S.$1.00—Sh.$12.90

Demand selling rate on London: £1.0.0—Sh.$52.24

Demand buying rate on London: £1.0.0—Sh.$50.52

AMERICAN STOCK AND COMMODITY QUOTATIONS

January 2, 1940

STOCKS	*Opening*	*10.30 a.m.*
Amer. Locomotive	21½	21½
Amer. Waterworks	11½	11½
Anaconda Copper	30¼	30⅛
Bethlehem Steel	80¾	81⅛
Chrysler	90	90¼
Elec. Bond & Sh.	7½	7⅝
Gen. Motors	54⅞	55
Goodyear T. & R.	23¾	23¾
Gt. Nthrn. Rly., pfd.	26⅝	26¾
Lockheed Aircraft	32¼	32⅛
Mont. Ward	55¼	55⅜
N. Y. Central	18⅜	18⅜
Texas Corp.	Unq.	Uuq.
U. S. Steel	66⅛	66½
COMMODITIES		
New York Cotton, March	11.08	11.10
New York Rubber, March	19.05	19.05
New York Hides, March	15.40	15.40
Chicago Wheat, May	—	104
Chicago Corn, May	—	58⅝
New York Sugar, No. 4, March	—	1.51

B—Bid. A—Asked.

SUBSCRIPTION COUPON

(In China)

Send The China Weekly Review For

☐ One Year (52 issues) at $22

☐ Two Years (104 issues) at $42

☐ Half Year (26 issues) at $12

Single copies—50 cents

(Two one year subscriptions to different individuals may be sent at the two year rate of $42)

TO

NAME _____

ADDRESS _____

_____

*

NAME _____

ADDRESS _____

_____

*

And Send Bill To

NAME _____

ADDRESS _____

_____

Mail This Coupon to

The China Weekly Review

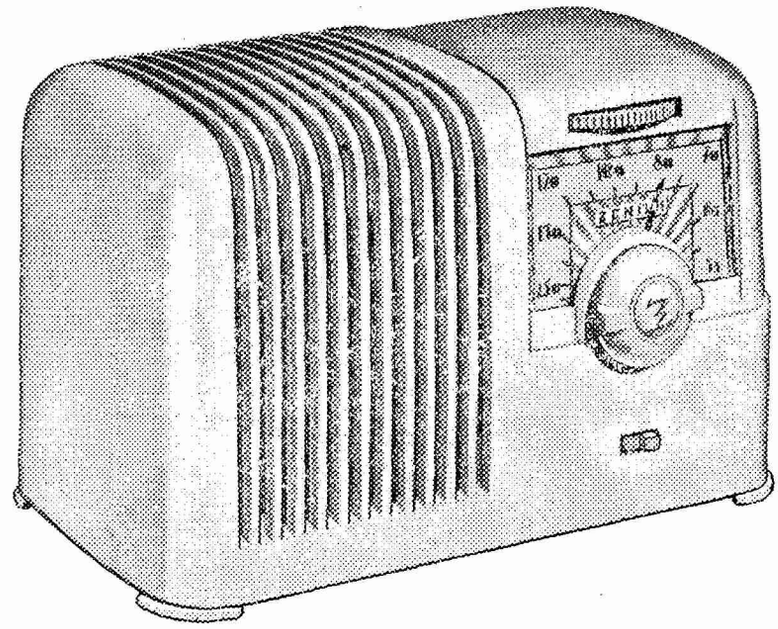
160 Avenue Edward VII, Shanghai China

ZENITH RADIO

LONG DISTANCE

NEW 1940 MODEL

JUST ARRIVED



MODEL 6D411

A 1940 STANDARD BROADCAST RECEIVER AVAILABLE IN MAHOGANY, IVORY, GREEN OR GREY PLASTIC CABINETS. EQUIPPED WITH THE WAVEMAGNET, THE SENSATIONAL DEVICE WHICH ELIMINATES MAN-MADE STATIC . . . . . NEEDS NO AERIAL, NO GROUND . . . . . JUST PLUG IN AND PLAY.

On display at all leading department stores, music houses and radio dealers.

Sole Agents :

SCIENTIFIC SERVICE COMPANY

SHANGHAI - HONGKONG - SINGAPORE

THE CHINA WEEKLY REVIEW
密勒氏評論報
中華郵政特准掛號認爲新聞紙類
Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China
Vol. 91 Shanghai, Saturday, Jan. 6, 1940 No. 6

U. S. LIKELY TO ASSESS HEAVY DUTY AGAINST JAPANESE SILK

THE press associations and newspapers have carried many thousands of words dealing with the problem of Japanese-American relations but it still is uncertain what action the United States will take following the expiration of the American-Japanese Treaty of Commerce and Navigation on January 26—just three weeks from the date of this issue of *The Review*.

The last special session of Congress conducted a searching analysis of American-European relations in connection with the adoption of the revised Neutrality Law, hence it is likely that there will be a similar searching analysis made of the relations of Japan and the United States in the present session. Sufficient has been published on the crisis in Japanese-American relations resulting from Japan's invasion of China and interference with American trade and other interests in the Far East to indicate that something drastic must be done, otherwise the two countries will drift into war—as happened among the nations of Europe where similar elements were involved.

Already the United States Government has recommended "voluntary" embargoes on certain war materials previously exported to Japan; hence the precedent of governmental pressure resulting from the growth of anti-Japanese sentiment among the people, has been established. Obviously the step from "voluntary" to forceful measures, based on official action, is not a long one, or a difficult one to take in the face of continued provocation.

But while there has been a steady growth of anti-Japanese sentiment in the United States resulting from Japanese military atrocities and disregard of treaties, it is still thought unlikely in certain circles that the United States will go to the extent of forcing Japan to rectify her position, although the U. S. possesses or shortly will possess the means of forcing such action. The approach of a national election, plus anti-war sentiment on the part of isolationist and pacifist groups, plus the limited nature of economic interests involved, are regarded in certain quarters as possible deterrents to forceful action which might lead to war.

It is therefore thought that Congress may take action designed to "put Japan on good behavior" as indicated in *United Press* messages from Washington in recent days. Such action may take various forms, one being along the lines recommended by Senator Key Pittman, chairman of the Foreign Relations Committee, that legislative machinery be created empowering the President to place embargoes on exports to Japan. This will leave the way open for negotiations with Japan designed to enable that country to rectify its position with respect to China and third party interests in the Far East.

Another and more likely development, in the opinion of informed quarters, is the adoption by Congress of amendments to the U. S. Tariff Act providing for the assessment of heavy duties against raw silk imported into the United States, some 95 per cent of which is produced in Japan. The assessment of duties against Japanese raw silk entirely within the field of domestic legislation and unconcerned with direct diplomatic or military pressure, would quickly reduce Japan's purchasing power and thus indirectly curb her purchase of the implements of military aggression needed in her China campaign. The assessment of duties against raw silk would follow orthodox lines of commercial policy and could be applied easily with all of the required administrative machinery already available in the U. S. customs service.

While it is more than likely that Congress will take action on this matter in the present session it has been pointed out in an article by Kurt Bloch in December *Amerasia* that the legal basis for such American action is already available in the Tariff Act of 1930, Section 338 of which authorizes the President to proclaim additional duties on the products of any foreign country, or on products carried in the vessels of such country—"if he finds that such country discriminates in fact against the commerce of the United States, directly or indirectly, by law or administrative regulations or practice, in such manner as to place the commerce of the United States at a disadvantage compared with the commerce of any foreign country."

It was this clause which gave the President power to assess special duties against German goods imported into the United States and if Congress, in enacting the 1930 Tariff Act, could have had in mind recent Japanese activities in the Far East—it scarcely could have done better. To quote from Mr. Bloch's article:

"Directly and indirectly, Japan has discriminated against the United States. Direct discrimination has been practiced in Japan in favor of Manchukuo, Germany, Italy and most recently China. The most extensive discrimination has probably been in favor of Manchukuo, which according to Japanese theory is an "independent Empire," but according to America's legalistic concept, a part of the Chinese Republic. For example, imports of Manchurian pig iron—which were extensive up to 1935 but have been steadily shrinking ever since, probably to nil in 1939 and 1940—have been enjoying special favors by customs duty rebates. Manchurian shale oil has been granted preferential treatment in the purchases of oil by the Japanese Navy, at the expense of American and other foreign oil. Other Manchurian products have enjoyed, and continue to enjoy, similar preferential treatment in the matter of Japanese import licenses, despite excessive prices charged by their producers, as, for example, sulphate of ammonia and wood pulp. Japanese purchases of these products in the United States, not unimportant formerly, were completely discontinued until the European war cut off other supply sources.

"The whole arrangement by which Manchuria and North China, as parts of the so-called yen bloc, enjoy preferential treatment in the application of Japanese import control measures, violates the most-favored nation principle and constitutes outstanding discrimination against all third powers, especially the United States. This discriminatory treatment of the United States—within the framework of the so-called New Order in Eastern Asia—is the more serious as it is being deliberately undertaken to destroy the traditional basis of Japanese-American trade: the exchange of Japanese raw silk for American cotton. Following directions given by Japanese authorities and advisers, the Manchukuo and the North China authorities *i.e.*, administrative organs illegally established and forced upon unwilling Chinese subjects by branches of the Japanese Government—are encourag-

ing and subsidizing cotton production in their respective territories, with the openly pronounced aim of ultimately ousting American cotton from its Japanese market. This action, for which the Japanese Government cannot disclaim responsibility, constitutes a flagrant case of indirect discrimination, accompanied by direct discrimination, insofar as Japanese cotton mills are enabled to purchase such Chinese cotton in preference to American cotton. One result of this has been that cotton, which used to form nearly half the total American exports to Japan, has been reduced to one-fourth or less. In this instance, indirect and direct discrimination have been applied to an important American export product with detrimental results.

"Indirect discrimination is, of course, widely practiced in both Manchuria and China. In Manchukuo such indirect discrimination—and every act of the Manchukuo government, which since 1937 has openly assumed the position of a Japanese protectorate, Japan must be held responsible for—has been carried out ruthlessly, beginning with the petroleum monopoly instituted against American oil interests with the openly avowed purpose of discrimination, and culminating in statements from Manchukuo that countries which did not grant recognition should be discriminated against, with Japan enjoying a preference before all other nations. In North China the plea of military necessity is, of course, advanced; but no military necessity could possibly be found to justify the deliberate discrimination against American interests and nationals in ports and areas held under Japanese control for more than a year. Moreover, the very existence of such military necessity is disputed by the United States Government which holds that the 'China Incident' has been the result of unnecessary aggressive action by Japanese military forces undertaken in violation of definite undertakings of the Japanese Government.

"Discrimination against American interests has been practiced by Japan not only in areas on the Continent where, according to the American point of view, Japanese authorities are simply abusing powers illegally acquired and, therefore, intrinsically precarious and temporary, but also in Japan itself. Direct and indirect discrimination have been employed to enable Germany steadily to increase her share in Japanese importations. Through such means, the share of imports from Germany in the total of Japanese imports from areas not under Japanese military occupation has risen from less than 5% in 1936, to about 8% in 1938 and 1939. Moveover, such discrimination was definitely and deliberately directed against the United States. After the outbreak of war in Europe, Japanese buyers disclosed that their government had ordered them to purchase machinery in Germany, although they would have preferred to cover their needs in the American market. Such statements cannot be dismissed as mere 'talk' to gain the suppliers' good-will, for Germany's share in import permits granted for machine tools was fixed by the Japanese Government at 50% of the total, *i.e.*, at a figure quite out of proportion to the relative importance of German and American machine tools in the Japanese market, before the Japanese Government turned itself into a sales promoter for the German industry.

"Less spectacular, yet proportionately more important, is the preference shown by Japan to Italy. Italy's share in Japan's import from areas not under Japanese occupation—on the whole a pretty small share—has more than doubled recently. This development has not been due to any specific advantages of Italian products in price or quality but to openly admitted preferences granted Italy.

"Thus, there are ample grounds to apply to Japan the provisions of Section 338 of the Tariff Act. The special importance of the authority conferred upon the President by this legislation rests not only in its applicability to Japanese goods already dutiable under the present schedule of the U.S. tariff, as the duties on such goods may be raised by Presidential action. The section expressly authorizes the President to levy new duties on the goods of the discriminating country. Of Japanese exports to the United States, one non-dutiable item, raw silk, constitutes the bulk of Japanese exports to this country. From less than half of the total Japanese exports to the United States in the first eight months of 1937, the weight of raw silk increased to nearly 70% during the same period of 1939. With the raw silk boom, its weight in American-Japanese trade is liable to increase still more.

"The United States share in Japan's raw silk exports varies between 80% and 90% of the total. No other foreign raw silk market could possibly take the place of the American market. Moreover, World War experience would suggest that a 'war boom' in the United States market would tend to benefit Japan via increased American raw silk consumption and still higher raw silk prices. So far raw silk has already risen more sharply than most other commodity prices, and its rise has outstripped the rise in copper and scrap iron, *i.e.*, in those metals for which Japan tends to exchange raw silk now that she has reduced her cotton purchases in this market. Thus, the raw silk boom constitutes a major item in the improvement of Japan's war finances so confidently expected by Japanese authorities as a result of the war in Europe.

"Accordingly, Japan considers raw silk a suitable means to tax the American consumer of silk in favor of Japanese war and armament finance. Freight rates on raw silk have recently been doubled, quite against the principles of Japan's price and cost stabilization policy, simply because the Japanese shippers and the Japanese Government, which had to approve their measure, assumed that the increased rate would be paid by the American consumer. Further schemes are being discussed to impose export duties on raw silk. In order to cover up the real aim of such a measure, which is taxation of the American consumers by the Japanese Government, other export goods of less importance are also to be taxed, because now the Japanese Government has begun to realize the danger of discriminating too openly against the United States. Thus Japan is preparing to levy tribute on the American raw silk consumer.

"Japan's procedure has greatly narrowed down the field of discussion concerning an American import duty on raw silk. Unless the United States, under the authority of Section 338 of the Tariff Act, is going to tax Japanese raw silk, the Japanese Government will tax it. Under present market conditions, an American import duty on raw silk would probably lead at first to a still further increase of the raw silk price as well as of the price of silk products. Yet this is an opportune time for introducing raw silk taxation. The 1939 silk crop greatly exceeds that of 1938. Japan is in dire need of cash revenue from raw silk sales, because its deficit in trade with countries outside the area controlled by its military has thus far not been reduced substantially. Price increases in silk and silk products invariably result in a shift of consumption from raw silk to other textile products, especially to rayon, *i.e.*, to a reduction of the demand for silk. Faced with such a reduction, Japan would be forced to push its sales, and in the end it might be that the Japanese producers would bear a major part of the American customs duty as prices would tend to fall again to the level at which a higher raw silk supply could be absorbed in this market.

"As a retaliatory measure taken in answer to Japanese discrimination against American interests, and as part of 'sanctions against Japan,' an American import duty on raw silk may well be considered suitable. Moreover, American tariff policy has always looked with favor upon so-called protection of young industries, in order to

enable them to hold their own in the competition with well-established foreign industries. Such a young industry has recently been developed with the new nylon production, nylon being marketed at prices competitive with raw silk. Promoting the introduction of nylon through a raw silk duty might greatly assist its sale and encourage its producer to enlarge his production capacity. If the consumer could be assured that the price of nylon would not be raised to 'what the traffic can bear,' once a duty on raw silk were introduced, such a levy today would have certain productive merits.

"In addition, raw silk taxation would yield a sizeable revenue for the U. S. Treasury. A 50% ad valorem duty on raw silk in 1937 would have yielded nearly US$50,000-000, unless price or quantity of imported raw silk had been reduced, to the disadvantage of the Japanese raw silk producer, as one result of the duty. Yet in 1937 the average price of raw silk was less than 2 cents a pound, while at the time of writing the raw silk price hovers around 3¼ cents a pound. The United States has been forced by Japan's provocative naval policy to embark upon extensive new naval construction, so that a customs duty on Japanese raw silk would be a suitable and useful contribution to the cost of American rearmament. As U.S.$50,000,000 would suffice to take care of the service on a rearmaments loan of nearly $2,000,000,000 the yield of a raw silk duty could scarcely be described as negligible.

"Another important provision of Section 338 of the Tariff Act authorizes the President to levy new and additional duties not only on the products of the discriminating country but also on goods imported in the vessels of this country. If, therefore, the President decided to avail himself of the authority conferred upon him by the Tariff Act, he might add to retaliatory duties special taxation of Japanese shipping. Duties on goods carried in Japanese vessels might effectively break the silk transport monopoly of the Japanese shipping concerns—so effectively and profitably used against the American consumer just now—might virtually destroy Japan's carrying trade between North and South America, and greatly add to the general financial and economic effects of increased duties on Japanese goods in general.

"Such action might also contribute to the relief of the American shipping difficulties resulting from the prohibition of shipping in the European combat area. While of course the problem arises as to whether or not Japan would retaliate against such punitive American measures, at present this appears extremely unlikely. Once Section 338 of the Tariff Act were invoked, the Japanese authorities would probably learn from its study that any increase in existing Japanese discrimination would expose Japan to the risk of being denied complete access to the American market. Therefore it is not at all unlikely that American action against Japanese shipping might result in American ships carrying Japanese silk and Japanese gold to American ports.

"So far, comments upon the abrogation of the American-Japanese trade agreement of 1911 have emphasized its relationship to the American-Japanese dispute over Japan's policy in China. In addition, there are ample grounds for American complaints with regard to the treatment of American interests in Japan proper. The ultimate aim of this discriminating treatment is in the long run to reduce sharply American-Japanese trade.

"On the surface, American-Japanese trade does not seem to have suffered greatly. Yet basic changes have taken place in this trade, and the trend of such changes is in a direction toward continuous shrinkage of American interests in Japan and in trade with Japan. Japanese cotton purchases in this country have been sharply curtailed. Japanese purchases of American tobacco have been practically stopped. On the other hand, American exports to Japan of materials for war have steadily risen. Japanese purchase of crude petroleum has doubled. Japanese consumption of American scrap and pig iron continues its rise. Japanese copper purchases have nearly trebled. Altogether, peacetime commodities tend to disappear from American exports to Japan, to be replaced by war-time exports. This elimination of American peacetime exports to Japan is not the result of a war emergency, but of a deliberate policy. Quite clearly, Japanese authorities have pointed out that, once peace and order were established in the Far East according to their terms, these American exports would not be allowed to revive. The war imports, however, which are now so prominent in the American-Japanese trade, would become less necessary. Japan would continue to turn partly to alternate suppliers, in discrimination against this country. Japan's military and civilian authorities apparently feel sure of the American raw silk market, regardless of whatever discriminatory treatment—by direct and indirect discrimination—they are meting out to American interests in Manchukuo, China and Japan. They do not see any valid reason to cultivate American friendship in any way more obliging than by protestations of amity and by an appeal to the cordial Japanese-American relations of old. In fact these authorities felt their position to be so strong that they followed up the denunciation of the American-Japanese trade agreement by the gesture—now empty—of a new German-Japanese trade agreement. Only now that Germany has involved herself in the Danzig 'Incident,' do Japanese leaders see a necessity to come to terms with America. Yet they refuse to realize that American-Japanese friendship is incompatible with Japan's present policies. Whatever may be the American Government's decision with regard to an embargo on exports to Japan, there is a strong case for retaliatory action against Japan's discriminatory treatment of American interests under the provisions of the American Tariff Act."

***

The recent Japanese announcement of "intention" to reopen the Yangtsze between Shanghai and Nanking is of special interest in connection with the foregoing discussion because it concerns Japanese discrimination against American and other third-party trade. As is now generally realized in Shanghai commercial circles, the announced intention of reopening the Yangtsze—at an undisclosed date in the future—is of no practical value to American or other foreign business because of the artificial restrictions and monopolies, including currency control, which the Japanese military commanders in the field have created in the two years and more in which they have had undisputed control of China's great navigable river.

Although not generally known abroad, the Yangtsze river has been open to international shipping below the Kiangyin boom for many months, but it has resulted in little or no trade for third-power interests because of Japanese military control of the ports along the river. Another element in the situation, not generally realized abroad, is that the railway connecting Shanghai and Nanking is probably more important than transport by river steamer due to the shorter distance traversed by the railway. It is practically impossible for any firm, other than Japanese, to ship any merchandise of any character over the railway, which is completely controlled by the Japanese Army, even to the actual selling of tickets at Shanghai and other stations along the line.

Until the Yangtsze has been opened entirely to Hankow, and all artificial restrictions created by Japanese warlords in the field are removed, there can be no restoration of equality of trading conditions along the river. Since the Japanese are well aware of this situation, the announcement of an intention to reopen the Yangtsze to international commerce—at an undisclosed date in the future—was of little consequence and in some circles is regarded as an attempt on the part of the Japanese warlords to deceive the public.

Shanghai Business Vicissitudes in 1939

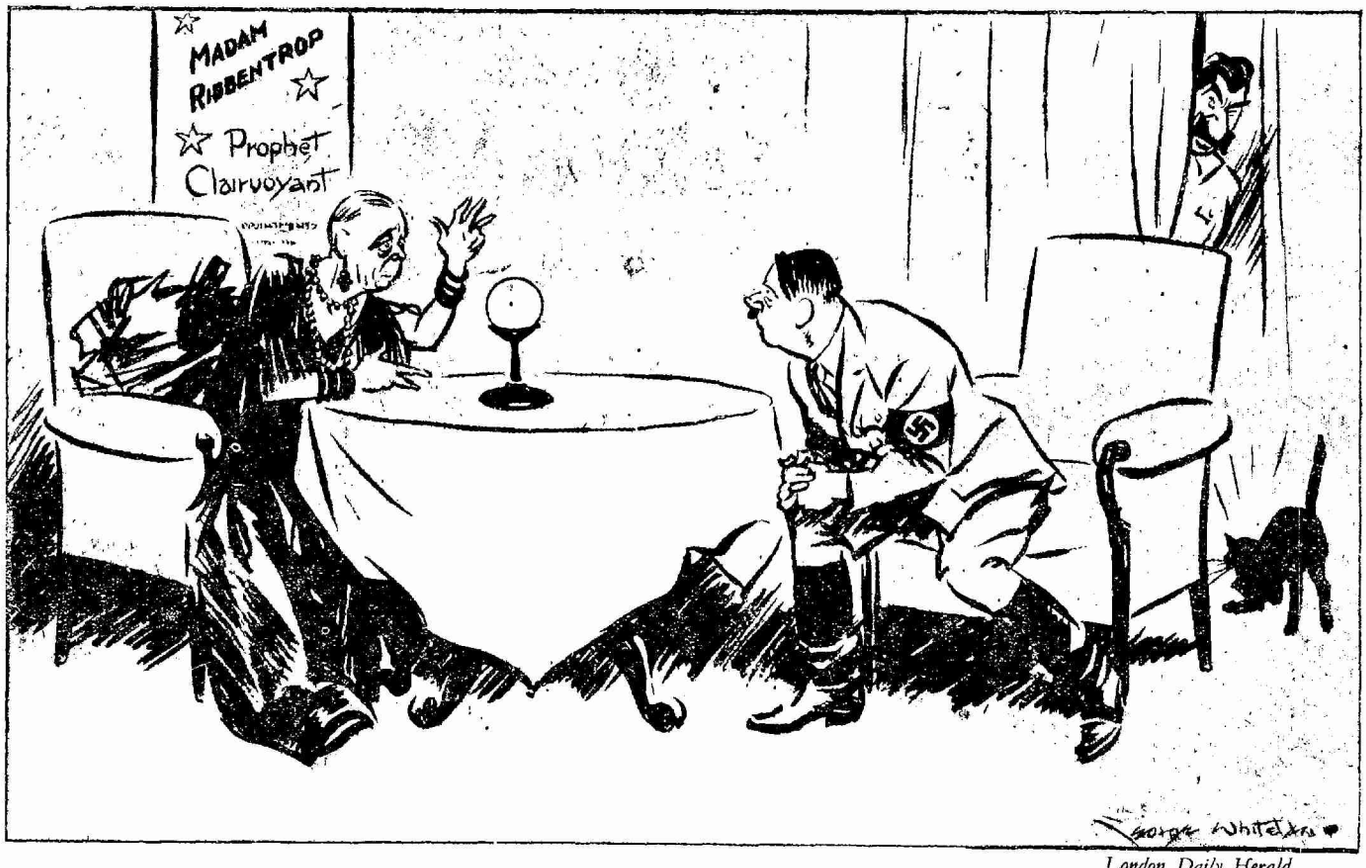
BY JOHN AHLERS

AS Shanghai looks back upon 1939, local business executives voice the most varying opinions as to the general business trends. Few admit that in their fields of activity there has been something resembling a boom. Some declare themselves satisfied under the given circumstances. Many, however, complain, and not a few who entered with high hopes upon 1939 find themselves down and out at the end of the year. Every business man considers the situation primarily from the point of view of experiences in his own particular enterprise, and thus it is but natural that opinions of general development are at considerable variance. This passing year of 1939 is especially difficult to judge. Shanghai business activities lacked a common denominator. A strong revival of business in some fields was offset by business deterioration in other lines. We have to guard against sweeping judgments which would do injustice to one business branch or another.

Shanghai's big industrial corporations, almost without exception, were much better off than in the two preceding years. The local boom in the cotton industry was noticed with astonishment all over the world. Most Shanghai cotton mills, British, Chinese as well as Japanese, registered the highest profits and paid the biggest dividends in their history. Among reported net earnings, the Mitsui mills' (Shanghai Cotton Manufacturing Co., Ltd.) net profit of almost $4,700,000 for the half-year from May 1 to October 31, 1939 beats everything. The discontinuation last July of Chinese exchange allotments to Shanghai failed to break down the cotton yarn and cloth boom. Mill employment throughout the remainder of the year continued on an exceptionally high level. Mill profits during the second half of the calendar year were substantially higher than during the corresponding period of the year before, or Ewo Mills would not have paid a December interim dividend of $1 as compared with $0.75 paid in December, 1938. The Mitsui chairman, at the company's November meeting, confidently predicted prosperity for Shanghai mills for 1940.

Other Shanghai industries also fared better than in 1938. Dockyards had a profitable time, and Wheelock's record profit and expectation of a possibly yet higher 1939-40 profit attracted much attention. Public utilities, though prevented from operation in the Japanese-occupied districts of the city, harvested increased revenues and profits from the huge congestion of people and the concentration of an unusually high volume of business in the other districts. Miscellaneous industries, on the whole, also fared well. Many small and medium-sized new industrial plants were set up, especially by Chinese and with Chinese refugee capital from the interior. Though local silk filatures, because of Japanese discrimination, did not do so well after the beginning of the 1939-40 silk year, and either had to close down or curtail operations, other new industries here profited from the outbreak of war in Europe. The first two months of the war saw local cotton goods exports to south Asia markets soar. Afterwards, a reaction set in, but since the beginning of November miscellaneous Shanghai industries sold in replacement of European goods to southern markets rapidly increasing volumes of iron and steel, metalware, electric materials and fittings, electric lamps and bulbs, medicinal preparations, gramophones, chinaware, canned foodstuffs, leather trunks and paperware.

In close connection with this industrial development, Shanghai's foreign trade during the first half of 1939 sharply increased, with raw cotton repeatedly accounting for 33 per cent of total local imports. The depreciation of Chinese national currency and the war in Europe since early autumn forced down local imports. But during the same period Shanghai exports rapidly



London Daily Herald

THE CLIENT: "But have you no information for me about a tall, dark man?"

increased until in November, 1939 they reached $133,000,000, yielding a surplus of exports over imports to the extent of U.S.$1,200,000, and accounting for 70 per cent of China's total exports. Through the past year, Shanghai transacted never less than half and frequently more than half of all China's foreign commerce. The Whangpoo city equally accounted for almost half of all the foreign shipping in China, and for by far the largest coastal shipping of all the China ports.

Shanghai business enjoyed an abundance of cash money and capital supply. For the first half of 1939, the Chinese Government banks continuously fed to the banks at undervalued rates all the foreign exchange required, while national currency circulation here expanded at the same time. Afterwards, the depreciation of the Chinese dollar, and yet later the European war and the new exchange controls in the British colonies, strongly encouraged the return to Shanghai of much Chinese flight capital, as well as the refuge in Shanghai also of other control-shying funds. Banks, on the whole, did satisfactory business, not only due to greatly increased exchange transactions but also in the field of loans to reviving and expanding industries. The abundance of money eager for investment was an important factor in industrial resurrection, and equally benefitted the Shanghai real estate market. Especially since the early autumn, local real estate business vigorously expanded. Although the turnover remains far below the figures of former real estate boom years, it has been estimated at over $11,000,000 for the one month of November as compared with estimates of $14,000,000 for the whole of 1938.

These are the more important of the brighter sides of Shanghai business in 1939. American, European and Chinese interests, however, had much to suffer from a series of adverse developments. The Japanese steadfastly expanded their economic and financial activities in Shanghai, seizing a larger percentage than ever of local business. The Japanese mills, including the Nippon-controlled former Chinese mills, accounted for more than half of the cotton industrial activities. The Nippon-sponsored Central China Silk Corporation managed to get hold of the bulk of the Central China cocoon crop, operated 19 filatures in the hinterland and played by far the larger portion of Shanghai silk exports into the hands of the Mitsui concern. That same concern reorganized the Yangtsze Egg Factory and made inroads into the local American and British egg products business, appropriating with Nipponese military assistance egg supplies purchased by western factories. The Japanese reopened their local sugar factory, and also started upon the oil mill business. New Japanese industrial plans for 1940 provide for the establishment of a glycerine factory in Nantao, of a Yen 4,000,000 machinery plant by Okaya & Co., and of a chemical and soap manufacturing factory by the Daiichi Kogyo Seiyaku. The construction of two new Japanese factories for the manufacture of electric appliances is under way. Adding together Shanghai's direct trade with the Japanese Empire and the local foreign trade of the Japanese Shanghai industries, both of which are managed by Japanese almost exclusively, this Japanese trade accounts for half the imports and exports of Shanghai. In Shanghai's foreign shipping, the Japanese, in November, 1939, took the first place, beating back the British to the second position.

Very substantial losses were suffered by Shanghai during 1939 in the inter-Chinese trade. The continuous extension of the Nipponese naval blockade of the Central and South China coasts; the closure to trade of Ningpo and Wenchow; the Japanese landings near Foochow, in Swatow and in the Tongking Gulf deprived Shanghai of extremely important Chinese markets. The Yangtsze Valley was monopolized by the Japanese, and also the huge smuggling trade to Free China via Wuhu and Hankow through the Sino-Japanese front lines was jealously kept in Japanese hands. In North China, the official suppression of Chinese national currency, the introduction of all-embracing exchange control of exports, and the treatment by Peiping of Shanghai as a foreign area also did much to curtail Shanghai commercial and financial business. Many western interests were badly hit by these manifestations of the made-in-Japan "New Order in East Asia," but the greatest adversity was borne by Chinese business interests. In its late autumn report, the Shanghai Chinese Chamber of Commerce complained of these developments as of a major calamity inflicted upon the local Chinese business communities. The Chamber is not of opinion that the industrial boom indemnified Shanghai for other losses. Its report states that the Shanghai Chinese business world, on the whole, during the first nine months of 1939, did only half the previous year's volume of business, with only department stores, restaurants and silk piece-goods firms doing a little better.

It ought to be kept in mind, also, that the local industrial boom and trade improvements depended, in the first half of 1939, chiefly upon the Chinese foreign exchange allotments unearned by Shanghai, and later largely resulted from the devaluation of the Chinese dollar. Many huge profit and revenue increases amount to little, or entirely disappear when local currency figures are converted into foreign exchange. Many business value increases concur with volume decreases. Despite the boom on the Shanghai Stock Exchange, there are very few shares in which long-term investment paid better than simple flight into American currency. Also, the big business profits did not benefit Shanghai as whole. Recent Shanghai manufacturing and export successes decisively depended upon the extremely cheap labor of Shanghai, which during the past five months has been further cheapened by the refusal of big business to readjust nominal wages and salaries to the increased level of prices. The cost of living throughout 1939 increased far more than nominal wages were permitted to rise. To a considerable extent, Shanghai big business profited from increased exploitation of labor. The recent industrial strikes, the rice riots, and the 20 beggars who during every night since Christmas Eve expired from exhaustion on Shanghai streets are bad signs. The masses of the Shanghai people, Chinese and foreigners alike, start upon 1940 in definitely more miserable living conditions than twelve months ago when they greeted 1939 as a Happy New Year.

War Compliments by Radio

SUGARY references to allies and vitriolic denunciations of the enemy are always encountered in the propaganda of states that are at war. They are taken with the proverbial grain of salt by people who prefer to think instead of letting others do their thinking for them.

In a broadcast message to England on New Year's Eve, M. Giradoux, Commissioner-General of Information in France, made sugary references to Great Britain, according to a *Reuter* report. The last day of 1939, he said, found France with a feeling of good heart and security, because the task of saving Europe, and perhaps the fate of the world, had given her "as a friend and comrade in war a nation we would ourselves have chosen for an ally." France, he reportedly added, would have chosen Great Britain "for her moral strength, her tenacity and for the way she makes war, endowing it with unselfishness and sportsmanlike nobility."

There was a time—and not so very, very long ago—when official France used rather less complimentary expresssions to characterize Great Britain. The most popular of them was "Perfidious Albion." That was when France was engaged in "saving Europe" by making war *against* England. There was also a time when Hitler used to refer to Stalin and his regime as the "scum of the earth," while Stalin characterized Hitler as the "bloody assassin of the workers."

Verbum sat sapienti!

Britain, Germany Raise Armies for Spring Offensive; Soviet Said Massing Troops for Drive into India

IF the summoning of more men to the colors of the European belligerents may be taken as an indication of impending military developments, a stepping-up of the conflict on the Western Front is going to be witnessed in the near future. A Spring offensive would seem to be in the offing, though which side will attempt a "big push" is by no means clear.

On Jan. 1, the British Government summoned nearly two million more men to make ready to join the fighting ranks. A royal proclamation ordered registration of six classes of conscripts, ages 19 to 28, thus bringing the total number of men under arms or liable for service above the three million mark. It was predicted by Sir Thomas Phillips of the Ministry of Labor that all new classes would be called up before the end of the present year.

Nazi Germany is apparently matching British preparedness measures. According to the Amsterdam correspondent of the London *News-Chronicle*, there will be five million trained and partially trained Germans under arms by Spring. This force will represent an army of some 240 divisions and is to be backed by a further two or three million men to be called up as soon as training camps, instructors and weapons are available, the correspondent declared, basing his information on disclosures of a "reliable neutral authority in Berlin."

There can be little doubt that coming events on the Western Front will be influenced in no small degree by further developments in the Soviet-Finnish war. Stalin's war machine is still faring badly at the Mannerheim line and the war communiques coming out of Moscow, which for several days in succession repeated with tiresome monotony the statement that nothing of importance was happening at the front, have become a subject of hilarious jest.

This pretense of nonchalance in the face of military reverse was rudely shattered by the Kremlin clique itself, when on Dec. 29 the Foreign Commissariat announced the reintroduction of a censorship on all outgoing press messages filed by foreign correspondents. This censorship was abolished in May, 1939 when Molotov, having succeeded Litvinov at the Moscow Foreign Office, steered the Soviet ship of state into the channel that led to rapprochement with Germany. Its revival now, in the midst of the war with Finland, may be taken as an oblique omission that there are some things Moscow does not want the foreign correspondents to tell the world.

More tell-tale events of the same order have been happening lately. Zhdanov, head of the Communist Party in Leningrad, has reportedly been purged and perhaps will be made a public scapegoat later for the miserable showing of the Red Army in Finland. Another reported victim is Vladimir Berveiansky, former Soviet minister to Finland, who is said to have been executed in Moscow for having reported that the Finns wouldn't fight, thereby causing the Soviet Government to launch its present unsuccessful *blitzkrieg* against Finland. And the Tallinn correspondent of the radical Danish newspaper *Politiken* reported on Jan. 1 that Stalin's Ogpu had sent a small army of agents to the Leningrad and Murmansk districts to quell popular discontent arising from the hostilities with Finland.

On the New Polish Frontier

De Groene Amsterdammer

As the New Year was ushered in, there was considerable speculation in London regarding the possibility of a break in Allied relations with Moscow and the inauguration of a "moral crusade" against Soviet Russia. The British Government is preparing to publish a White Paper disclosing how Moscow, before concluding its pact with Hitler last August, tried to gain British and French assent to Soviet domination of the Baltic states. Observers are wondering whether this White Paper will merely be an innocuous collection of documents or an implicit, if not outright, comdemnation of Soviet policy.

Another indication of a possible new turn in Allied-Moscow relations was the publication by Sir Hubert Gough, commander of the Fifth Army during the first World War, of a call to Britain to lead a "European

moral crusade" against Russia. Some significance is also attached to the departure from Moscow on leave of Sir William Seeds, the British Ambassador. In some quarters it is thought that he may not return and that the Moscow post may be allowed to remain vacant.

A decided cooling of the British attitude toward Moscow may reasonably be construed as the laying of a basis for an Anglo-German rapprochement at Russia's expense and a rapid transformation of the entire war situation. Although Berlin has given no official intimation of its attitude toward the Soviet invasion of Finland, it is clear that Hilter has every reason to regard with misgiving the expansionist program of his Moscow ally. It would not be the most difficult diplomatic task in the world to split the Berlin-Moscow axis and convert the European war into an anti-Soviet crusade, for Stalin by his criminal policies has engendered a world-wide hatred of the Soviet Union. A war to "liberate the Russian people" from Stalinism might prove to be much more popular than the present war to "liberate the German people" from Nazism.

Moscow seems to be fully alive to the possibility of a break in its relations with the Allied Powers and is reportedly preparing military positions against Britain in the areas closest to the nearest British territory—India. The Cairo correspondent of the Rome newspaper *Il Messagero* reported on Jan. 1 that Soviet troops were massing in the Caucasus for a drive into India, while the correspondent of the same paper at Teheran asserted that during the previous 20 days 800,000 Soviet troops had been concentrated on the Afghan frontier. Another report in Rome said that an Anglo-French expeditionary force of 300,000 troops, commanded by General Maxime Weygand, was being organized to meet the Soviet menace.

Reports received in Rome from Peshawar reported Iranian troop concentrations along the Soviet-Iranian frontier between Kazuit and Tabuz, while 20,000 men were said to have been stationed between Hamalden and Karamanska—as a preventive measure on the part of the Iran government.

In view of British troubles in India, Moscow may calculate that this colony would be particularly vulnerable to attack. Reports continue to filter through neutral countries of widespread outbreaks against British rule on the northwest frontier of India, where the Waziris and Mahmuds are in revolt.

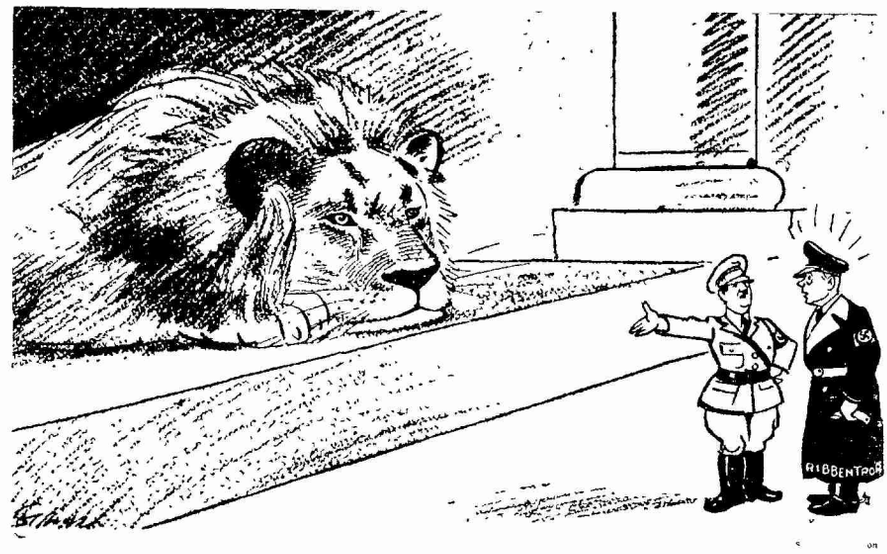
Switzerland took a further step along the road of dictatorial rule on Dec. 29, when the Federal Government imposed an indefinite ban on the newspapers *Die Freiheit* and *Neue Basler Zeitung* on the ground that these journals, by their attitude, were endangering Switzerland's independence.

Confirmation of an earlier report that Germany had decided to recall all her merchant ships lying up in neutral ports, and to take the chance that they would be sunk (orders having reportedly been given to the commanders to scuttle them if they encountered Allied warships) was seen this week in the triumphant announcement from Berlin that the Hamburg-Amerika liner *St. Louis*, 16,700 tons, had successfully run the Allied blockade and arrived at Hamburg. Last of the five big North Atlantic liners of the Hamburg-Amerika Line to return to home waters, the *St. Louis* remained in New York when war was declared, awaiting orders. She is commanded by Captain Gustav Schroeder.

According to a *Havas* report from New York on Dec. 28, trading interests have launched a campaign for outright repeal of the Neutrality Act by the coming session of Congress, because they are dissatisfied with the difficulties and uncertainties which its application entails. Traders, the report said, had been trying to clarify the essential terms of the Act with respect to day-to-day business, but it continued to be a source of extreme difficulty for all exporters.

A spokesman for the trading interests concerned, according to *Havas*, predicted that by the beginning of 1940 they would have broad support for their demand that Congress should so alter the Neutrality Act as to permit American ships to carry cargoes anywhere in the European war zone, with the understanding that shipowners and traders would engage in such mercantile activity entirely at their own risk. If shipowners and traders took the risks, it was contended, the United States Government would not be in danger of involvement with belligerent powers over the sinking or seizure of American vessels.

"But You Said It was Stuffed!"



New York Times

British Envoy Expresses Hope For Peace in Coming Year

On the eve of his departure from Shanghai for Chungking on Dec. 31 Sir Archibald Clark Kerr, British Ambassador to China, issued a New Year message to the British communities in China in which he expressed the hope that 1940 would bring peace of the kind the British want. The message read as follows:

"The new year is at hand. We ask oursevles what it may hold for us. Peace or enduring war? We know that the hopes of Britons at home, in China and all the world over are bent towards peace, for the habit of peace is strong in us. I do not mean that high-strung, brittle peace that this new war has shattered, for in that there dwelt something that was akin to war itself. I mean the kind of peace that gives free play to the true expression of our ideals and of all that is precious to us, that will bring to Europe and to all the peoples of the world the richest blessing that can come to man—the right to live his own life in his own decent way. That is, reduced to simple terms, in freedom, quiet and sanity, balancing his own human values as seems best to him, his hand against no man and secure and happy in the belief that no man's hand is against him. A peace that is sought with sincerity, reached with understanding and kept without rancour or vestige of that thinking back upon the past which pricks the spirit of revenge.

"There is no reason why such a peace should not be within the reach of man. But it has been denied him and we are now at war. The flame was not of our kindling, for we hold war in detestation. But while we hate it, we do not flinch from the burning. Far from it, we must see to it that the fire burns to the end, that from its ashes may spring the boon of the peace which I have tried to describe. In this we and our noble and gallant allies are alike resolved. Side by side we fight, convinced of our right and steadfast in our determination to secure for the world the kind of peace we want. May the coming year bring it to us."

Allied Disagreement Makes the Definition of War Aims Difficult

BY RAYMOND MOLEY (*Newsweek*)

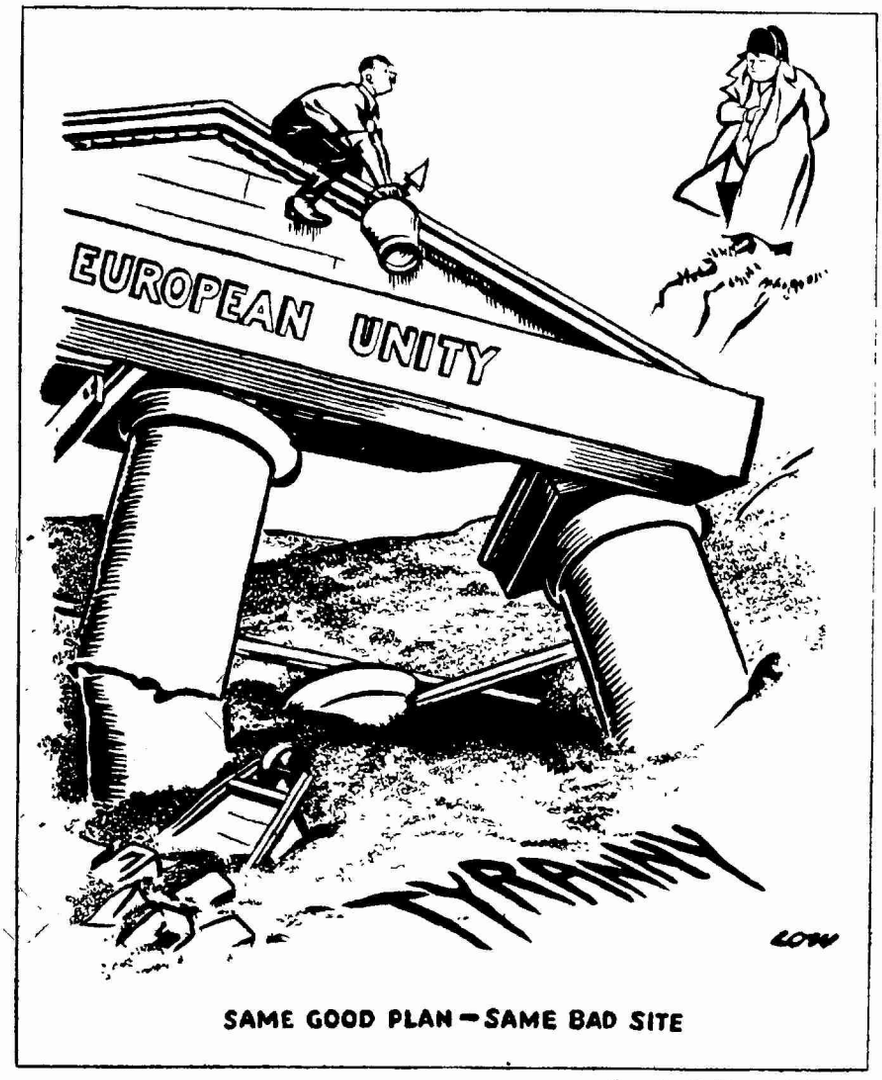
LAST week an exceedingly well-informed Frenchman visiting here remarked that many of his countrymen wondered whether it was worth fighting a war "to change a Ministry in Berlin." Which, when one considers how rapidly French Ministries rise and fall, was merely a quaint way of saying that such an objective was no objective at all.

This explains some of the obvious concern of the Allied leaders, over the morale of their people. So long as England and France, in defining their war aims, cannot go beyond the statement that Hitler must be unhorsed, there is bound to be skepticism in both countries. Yet, as soon as they do go beyond it, there is apt to be violent disagreement between their governments. In fact, there are signs of just such disagreement in the quiet meetings between the Allied leaders that have been taking place for the past three weeks. No adequate, concrete statement of war objectives has emerged from those meetings. And with every day that passes, it seems less likely that one will emerge.

The French seem determined to do, this time, what they failed to do the last time they did battle with Germany. They apparently intend to do more than hamstring a defeated Germany until the next war, as Clemenceau privately put it during the making of the Versailles Treaty. They want to deal with Germany for once and for all. They visualize a system of "security" that will forever make it impossible for Germany to threaten France or French interests. They want neither the end of Hitler or of Hitlerism so much as they want to insure, beyond the possibility of doubt, the end of a powerful, expanding Germany.

The English, on the other hand, find this desire extreme. Many of them are too far steeped in the balance-of-power-on-the-Continent tradition to view the French objective with equanimity. Others, chiefly those who dream of a United States of Europe, including England, emerging from the ruins of war, are frankly horrified. Still others visualize the use of a United-States-of-Europe formula as a beautiful facade behind which Britain may carry out the old balance-of-power policy more shrewdly and discreetly than she did behind the League.

It apparently remains for the French to decide whether the United-States-of-Europe formula will lend itself to French national purposes. And whether or not they decide it does, whether or not they, or England, or both play cat and mouse behind the formula, the fact will remain that the Allies will find it very difficult indeed to agree upon a real foundation for peace.



Low in Colliers, N. Y.

Soviet Consulate Which "Ran Away" Plans to Return Another Day

About the middle of October last the Shanghai Consular Body, Municipal police and the public generally were startled and mystified by the sudden departure from the city of the entire staff of the Soviet Consulate-General. The sudden exodus (to Japan) took place shortly after the departure from the city of B.M. Simansky, Vice-consul and Acting Consul-General who, in turn, had taken charge following the departure for Moscow of I. I. Spilwanek, Consul-General and Counsellor of Embassy. Mr. Simansky and his wife and child departed on an Italian steamer for Europe.

Nothing had been heard from Mr. Spilwanek, who had been in China for many years and was regarded as a veteran of the Soviet consular service in the Far East. Mr. Spilwanek had taken charge following the recall to Moscow of M. Bogomolov, Soviet Ambassador who likewise has not been heard of since his return to Russia. In the meantime the Soviet Government had appointed two new ambassadors to Chungking, the present appointee being M. Alexandre Semionovitch Panaouchkine.

According to a report published in *The China Press* on Dec. 31, the Soviet Consul-General and staff, who departed from Shanghai so secretly in October, are scheduled to return to Shanghai shortly. The Norweigian Consul-General, who was left in charge, was, however, without information regarding the names of those expected to return. He also was without information regarding the future location of the Consular offices. For many years the Russian Consulate, dating back to Czarist days, had been located on the bank of the Whangpoo at the north end of Garden Bridge in the Hongkew section. The staff, however, moved out of the building and took along all archives and correspondence, following the occupation of the Hongkew area by the Japanese military. This action was taken, allegedly after the Japanese had sent emissaries to the consulate threatening to search the building. A temporary office was established in rented property at No. 100 Route Say Zoong in the French Concession, where the staff resided until the secret exodus in the middle of October.

The members of the staff who departed in October included Vice-Consul M. A. Konstantinoff, secretaries V. V. Zeminand P. I. Kolomitsev, and press officer S. Krasinsky. The Russians also discontinued distribution of their official *Tass* news agency reports here.

According to the report in *The China Press*, the new staff wil consist of some 60 persons, who allegedly have already arrived a Vladivostok, en route to Shanghai.

When the staff was withdrawn last October it was rumored that the action was taken as a "gesture of friendship" toward the Japanese, following the armistice which had been signed on the Mongolian-Manchurian Nomonhan front. According to rumor current in diplomatic circles both here and abroad, the withdrawal of Soviet diplomatic and consular officials from Japanese-occupied territory in China constituted Soviet official recognition of Japan's "state of belligerency" in China and heralded a Soviet-Japanese military alliance at China's expense. Recently, however, following the return to Chungking of Sun Fo, special Chinese emissary to Moscow, it was reported that Russia would continue friendly relations with China and Stalin recently sent a telegram to Generalissimo Chiang Kai-shek wishing China a speedy military victory.

Thrice-Moved Airplane Plant Now Turns Out One Plane Daily

The American-owned Central Aircraft Factory, a four million dollar enterprise located at Loiwing on the border between Yunnan and Burma, is now turning out airplanes at the rate of one a day. Located approximately 1,200 miles distant from the nearest Japanese airbases at Canton, Hainan Island and the Pakhoi-Nanning district of Kwangsi, there is little fear of Japanese attack, but should some long-range bomber make the hazardous trip, it would receive a warm reception from Chinese anti-aircraft guns and pursuit planes based in the vicinity.

But the promoters of the enterprise have a more deadly enemy to contend with than Japanese bombers, according to reports in the American papers, which state that the new factory is located in the center of the malaria-infested jungles of southwestern Yunnan. Other ailments of this region are bubonic and pneumonic plague, but thanks to the efforts of American missionary doctors connected with the Baptist hospital at Namkham, four miles distant from Loiwing, the danger from plague has been minimized. Dr. Gordon S. Seagrave, head of the mission hospital since its establishment in 1922, has inoculated thousands of the natives with serum brought in from Rangoon which has greatly reduced the number of infections.

The malaria menace, however, is much more serious in that some 20 hsiens, or counties, have become so thoroughly infested with the disease-carrying mosquitoes that the resulting malaria has affected most of the native population, consisting largely of Shan and Kachin aboriginal tribesmen. Some 2,000 Chinese workmen who are attached to the factory have adopted malaria-prevention methods which are expected to prevent the spread of the disease among factory operatives. Dr. Robert E. Brown, for many years head of the Wuhu General Hospital, recently made a survey of the malaria situation along the Yunnan-Burma Highway and as a result three American physicians, connected with the U.S. Public Health Service, have been sent to Yunnan to make a three months' survey of the situation. They are Drs. L. L. Williams, Jr., H. J. Bush and Bruce Wayne. They will recommend to the Chinese provincial and National governments, the adoption of malaria-prevention plans, including elimination of mosquitoes and larvae, somewhat similar to methods found successful in the elimination of fever diseases in the area traversed by the Panama Canal.

The malaria-mosquito menace has long handicapped development projects in the Yunnan-Burma-Indo-China area of southeastern Asia. More than 12,000 workers were said to have died during the construction of the French railway from Haiphong in Indo-China to Kunming, capital of Yunnan province. Malaria also seriously handicapped the construction of the Yunna-Burma Highway, one-third of which is said to pass through the infested area. The Chinese National Health Administration has established a chain of health stations along the road on the Chinese side of the line which has helped considerably in preventing the spread of the ailment among road construction and maintenance workers.

The Central Aircraft Manufacturing Company has also built a modern hospital at Loiwing. It is equipped with X-ray and sterilizing machines and is said to be the most modern institution of the kind in southwest China.

The airplane factory at Loiwing, which has been in operation since July 1939, is the third attempt to manufacture modern military and civilian planes in China. The first factory was established at Hangchow, capital of Chekiang province, in 1934. The machinery was removed to Wuchang, opposite Hankow, after the outbreak of Sino-Japanese hostilities in 1937. It was again moved to Kunming, Yunnan when it became evident that Hankow would fall to the Japanese. Kunming, in turn, was regarded as too vulnerable; hence it was decided to establish the factory in the southwestern tip of Yunnan province, some 30 miles from the new Yunnan-Burma Highway which connects with the Rangoon-Lashio Railway at the railhead. Although details are not available regarding the size and character of the factory, it is reported that with the exception of engines and propellers, it is now possible to turn out complete planes, largely from native materials, at the rate of one a day.

The recent inauguration of a new service by the China National Aviation Corporation (containing 49 per cent Pan-American investment) between Chungking and Rangoon has served to arouse interest in the new American factory at Loiwing, due to the facilities provided by the factory for repairing and overhauling planes. The C. N. A. C. flies Douglas planes, equipped with German Telefunken wireless compasses and direction finders—among the best in the world—and quite necessary due to the nature of the terrain over which the pioneering airline passes.

Firm Footing Needed on Both Oceans

Shoemaker in the Chicago Daily News

Chairman Vinson of the Naval Affairs Committee of the House of Representatives recommended this week that the sum of U. S. $1,300,000,000 be appropriated for increasing the naval tonnage by 25 per cent. He proposed the construction of 3 airplane carriers, 8 cruisers, 52 destroyers, 32 submarines, 31 auxiliary ships and 2,395 airplanes. Aside from work already in progress on naval and aviation bases in the Pacific and the construction of two 45,000-ton battleships, there was a further proposal in Washington last week that plans be made for the construction of 65,000-ton battleships.

O. S. Liu Severs Agency Relations with Kailan Company

There was considerable significance in the announcement published in the local newspapers of the dissolution of the partnership which has existed for many years between the Chinese interest associated with O. S. Liu and the British Kailan Mining Administration of Tientsin. O. S. Liu, prominent Chinese businessman of Shanghai, had served as distributing agent for Kailan coal, produced in the Tongshan district of Hopei province.

No reason was given in the announcement for the dissolution of the partnership, which terminated on Dec. 31, but it was believed to be due to the action of the Kailan Administration in cutting down its sales to Shanghai industries in order to supply coal to the munitions industries of Japan. Shortly after the Japanese invasion of North China the directors of Kailan made a deal with the Japanese military authorities whereby a considerable portion of the Company's output was diverted to Japan instead of Shanghai where it previously had been sold. Major E. J. Nathan, chief engineer of Kailan, made a trip to Japan and assisted the Japanese in organizing and financing a Japanese-controlled subsidiary which was given a monopoly of supplying Kailan coal to Japan and to Japanese-occupied territory in North China.

Major Nathan's action in cooperating with the Japanese precipitated a strike of several thousand Chinese miners employed by the company in Tongshan, but the Japanese Army sent troops into the district and suppressed the strike.

The Kailan Mining Adminstration was formed by Herbert Hoover when the former American president was a young enginneer employed by the Chihli Provincial Government at the time of the Boxer Rebellion in 1900. Hoover was among the first to realize the importance of the coal deposits in the Tongshan district, lying inland from the coast between Tientsin and Chinwangtao. The company quickly became the leading coal-producing enterprise in the Far East and earned many millions of profits for its British and Chinese stockholders.

The Kailan Administration, prior to the outbreak of the Sino-Japanese war in 1937, was the chief supplier of cheap fuel to the industries of Shanghai. Since Japanese industrialists long had been jealous of the industrial prosperity of Shanghai, with which the Japanese were having difficulty in competing, they quickly took advantage of the war situation to divert Kailan coal to Japan, resulting in the starvation of Shanghai factories. As a result, Shanghai has been compelled to obtain coal supplies from such distant places as the U. S. east coast and Gulf ports, Australia, India and Indo-China. Prices of coal here, which usually averaged from $8 to $16 a ton, have jumped to an average of $80 for industrial fuel.

Whether the Kailan administration, with its railway properties and large fleet of ocean-going steamers and barges, will ultimately be sold to the Japanese is not known, but the action of the British directorate in voluntarily diverting supplies of coal produced in China by Chinese labor to feed the war industries of Japan created widespread resentment among both Chinese and foreigners.

N.C.B. to Open Concession Branch

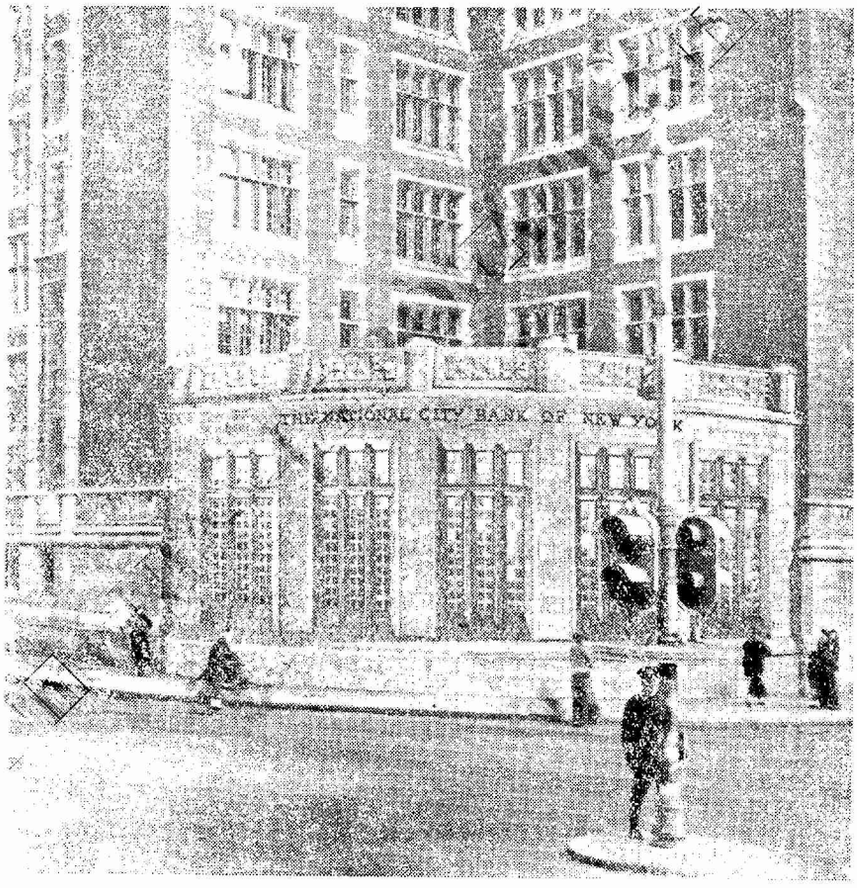
The National City Bank of New York, oldest American bank in Shanghai, announced plans this week for the establishment of a branch in the French Concession. According to the announcement, the plan was approved by the Board of Directors and the Governors of the U. S. Federal Reserve System in Washington, D. C.

The purpose of the bank in opening an office in the residence section of the French Concession, is to provide depositors with a more convenient and accessible banking service.

The branch will be located on the ground floor of the Cathay Mansions, corner of Rue Bourgeat and Route Cardinal Mercier. The entire corner, occupying a considerable portion of the ground floor of the building, is being reconstructed for the purpose. The Cathay Mansions and other apartment buildings in the vicinity are the most popular residence quarters for families of U. S. Naval and Marine officers.

The new branch of the bank will open for business by May 1, according to the announcement. The branch will provide deposit facilities through its savings and current accounts departments in local and foreign currencies, including purchase and sale of foreign currency drafts, travellers letters of credit, checks, etc. The main office of the bank on Kiukiang Road will continue to function primarily for commercial clients.

Site of New National City Bank Branch



The National City Bank of New York will open a branch, specializing in deposit facilities, in Cathay Mansions, corner of Rue Bourgeat and Route Cardinal Mercier in the French Concession. It will be ready for occupancy about May 1. The main office of the bank on Kiukiang Road will continue to function primarily for commercial clients in the down-town section of the city.

China's Customs Revenues Show Big Increase in 1939

China's Customs revenue for 1939, composed of import and export duties, interport duties, tonnage dues, flood relief surtax and revenue surtax, amounted to approximately $331,320,000, as compared with $254,570,000 for 1938, according to an official announcement from Chungking.

Import duties, according to the detailed tabulation, totalled $237,680,000 as compared with $160,940,000 in 1938, while export duties amounted to $17,420,000 as compared with $16,530,000 the previous year.

As against these substantial increases, interport duties dropped from $55,840,000 in 1938 to $46,660,000 in 1939, but tonnage dues rose to $3,660,000 as compared with $2,910,000. The flood relief surtax yielded $11,880,000 as against $8,040,000 in 1938 for imports, and $1,070,000 as compared with $1,140,000 for exports.

The revenue surtax yielded, for imports, $11,880,000 and for exports $1,070,000, as compared with $8,020,000 and $1,150,000, respectively, in 1938.

China's War Dead Number More Than a Million, Japanese Claim

A COMPREHENSIVE statement of Chinese casualties and other material losses, including the assertion that Chinese forces had left 1,218,452 dead on various battlefields during the period from July, 1937 to November, 1939, was contained in a communique issued by the Army Section of the Imperial General Headquarters in Tokyo on Dec. 29. This figure, it was stated, referred only to bodies found by the Japanese forces, and if other losses such as wounded, deserters and those who surrendered were added, China's total war losses in men would amount to 3,000,000.

Except for the vague assertion that during the lesser period of nine months up to November, 1939 the number of Japanese killed in action was "15 times smaller than the Chinese losses," no indication of the extent of Japanese losses was given in the communique.

The Elusive Victory

Reference to China's military position at the year-end was made on Dec. 30 by the *Manchester Guardian*, which said that although Japan might win sweeping victories she did not yet know how to win the war. "The Japanese," said the paper, "have sought every means to deal decisive blows, but there has been no decision. Today there is heavy fighting at many points over a 1,500-mile front — a sufficient indication of the burden imposed on the invading power, which must bring all the paraphernalia of war from overseas, and, after more than two years, finds no prospect of the end."

With nothing spectacular happening on any of the China fronts during the past week to ten days, major news was made by bombing expeditions carried out over Lanchow by the Japanese naval air force over a three-day period lasting from Dec. 26 to 28, but reported in detail only two days later.

A *Domei* report from a Japanese air base somewhere in Central China made the sweeping claim that "all military establishments and air bases at Lanchow," which is the capital of Kansu Province and an important communications center along the "Red Route" through the northwest to Sinkiang and Soviet Russia, had been "completely demolished."

Raids Said Unprecedented

Japanese officers, the report said, described the raids as "unprecedented in the world's history of aerial warfare." In the course of the raids, it was claimed, 21 planes were lost by Chinese forces, some being shot down in combat and others blown up while on the ground. Loss of one Japanese bomber was admitted.

On the first day of the raids, according to a *Kuo Min* dispatch from Lanchow, a fleet of 99 Japanese planes took part in the attack on the Kansu capital. Three Japanese planes were shot down by Chinese pursuit craft and more than 10 damaged, it was claimed. All Chinese planes returned safely to their base, it was asserted.

An aerial battle over Liuchow, Kwangsi, on Dec. 29, was described in a communique issued by the Japanese China Seas Fleet the following day. Twenty-two Chinese planes were shot down by Japanese aviators, who assertedly succeeded in blowing up several bridges of the Yunnan Railway near Mengtze.

Japanese troops on Dec. 31 completed occupation of Yingtak, 100 kilometers north of Canton on the Canton - Hankow Railway, *Domei* reported, describing the town as having been an important Chinese supply base.

A *Domei* message from Paotow on Dec. 30 said that peace reigned again in western Suiyuan after the last of Chinese stragglers among forces which attempted to capture Paotow had been routed. The forces which tried to take the city were the 31st and 32nd Divisions under Gen. Fu Tso-yi, the report said.

Puppet Troops Rebel

A *Kuo Min* dispatch from Ichang on Dec. 29 reported that more than 20,000 puppet troops stationed at Hwangpei, Siaokan, Yunmeng, Yingcheng, Hanchwan and Hanyang, in Hupeh Province, had turned against the Japanese and joined the Chinese Government fold on Dec. 14.

A statement summarizing the past year's military activities in the Wuhan area was issued by a Japanese Army spokesman in Hankow on Dec. 31. Japanese forces, he said, were now enlarging their fields of operations from Suiyuan and Shansi in North China to the French Indo-China border in Kwangsi, while Chinese troops were gradually reverting to guerrilla tactics as their fighting spirit waned. These tactics, however, had proved a failure, as they had achieved little during the past year, he said.

Winter Garments for Chinese Soldiers

Photo by Thomas Kwang

Szechwan province has undertaken to provide 600,000 of the 4,000,000 warm garments needed by Chinese regular troops and guerrillas this winter. Picture shows one of the women's sewing centers in Chungking.

Nippon Sentry Punches An American Woman

Allegations contained in a note from the American Consul-General here, in which it was complained that an American woman, Miss Frances Donaldson, buyer for a department store, was struck by a Japanese sentry on the Szechuen Road bridge over Soochow Creek on Dec. 20, were denied by a Japanese naval spokesman on Dec. 29. The American note demanded an immediate investigation of the alleged incident and disciplinary action against the Japanese sentry involved.

Expressing what he later termed his "private opinion," the Japanese naval spokesman said it seemed to him that there was "something fishy" in Miss Donaldson's complaint, since a week had elapsed before the matter was brought to the official attention of the Japanese. He thought Miss Donaldson's allegations were made with an "ulterior motive" and "with ill-will toward Japan."

Miss Donaldson, through the local press, explained that she had kept quiet about the incident before Christmas because she had been too busy and wanted to avoid publicity. The Japanese sentry punched her in the chest and nearly knocked her down, she asserted.

First Japanese Armed Robbery Recorded Here

The first known instance of a Japanese armed robber active in crime in Shanghai was reported on Dec. 25 when an armed man, said to have been a Japanese, entered a Chinese home at 849 North Szechuen Road in the Hongkew district and stole more than $1,500 in cash.

The Iron Mining Industry of the Philippines; A Source of Supply for Japan

BY RIZAL F. GATICA

(Philippine Magazine)

ONE of the most significant developments in the growth of Philippine mining during the past five years is the rise to a position of major importance of iron mining among Philippine industries. Iron ore today occupies an important place in the export trade of the Philippines, whereas five years ago it was only an insignificant item.

In 1938, iron ore ranked tenth among Philippine exports, replacing cordage, with total shipments amounting to a value of P4,080,645. For the first eight months of this year, it stood in eighth position, this time displacing copra cake and meal. The present trend of the industry indicates still further increase in exports and increasing importance in Philippine economy.

As an organized industry, iron mining is a new one in the country, although available records point to some exploration and development work done in several areas during the Spanish régime. For many years before the coming of the Americans, iron mines are known to have been worked in the provinces of Bulacan and Camarines Norte, and to this day small operators in the former place continue smelting ore in crude blast furnaces and the resulting melt is cast into plowshares which the native farmers use in the cultivation of their fields.

Four Extensive Producers

At present there are only four iron mines in extensive production. Two of these are located in Camarines Norte, the third in Marinduque, and the last one in Samar. Besides Bulacan, the other known iron region is Surigao, and recently discoveries of iron deposits have been reported from Mindoro, Antique, and Cotabato. The Surigao deposits are said to contain 500,000,000 tons of ore but of lower grade than that found in other areas. They were discovered in 1912 by an American, H. K. Cameron, then employed as a district engineer by the government. In 1914, the Philippine government reserved the deposits for its own future use.

In 1919, through an act of the Philippine Legislature, a government corporation, the National Iron Company, was created to exploit and develop iron deposits in the country, particularly the Surigao deposits. However, the company failed and nothing more was heard about these deposits until 1937, when the National Development Company, a government holding company, ordered an extensive survey of the deposits with a view to developing them. Mining experts were hired to make the survey and a representative of the government was sent to Japan to contact Japanese buyers or capitalists. Plans for possible joint Philippine-Japanese development were, however, abandoned, although it was reported that Japanese financiers were willing to undertake the development of the Surigao deposits by furnishing capital, technical men, and the necessary machinery. The deposits consist of a lower grade ore and a special smelting process is required.

The government plan envisaged the establishment of a smelting plant in Surigao, but in view of the absence of coking coal in the Islands, this would entail large expense and the idea was dropped, at least for the time being.

Actual development on a modern and larger scale of iron mines in the Philippines started in 1934, when the Philippine Iron Mines, Inc. took over a group of iron claims in Larap Peninsula and Calambayungan Island, Camarines Norte. The property, which is now under the operating management of the Atlantic Gulf and Pacific Company, was worked during the World War by a Japanese company under a lease contract with the owners. Production reportedly reached 150 tons of ore a day. In 1919 operations were stopped as a result of the cessation of the war boom, after a total production of only about 48,000 tons of ore, all of which was shipped to Japan.

Kailan Obtains Option

In 1923 the Kailan Mining Administration, a British company with mining concessions in China, obtained an option to operate the property. A Swedish expert, Dr. F. R. Tegengren, was hired to make a survey. He estimated at the time that the mine contained an ore reserve of only 3,000,000 tons. From 1934, however, when the Philippine Iron Mines, Inc. took over the property, to the end of September this year, a total of 2,825,732 tons of ore have been mined and shipped to Japan. After thus producing nearly 3,000,000 tons, the ore reserve of the mine is now estimated at around 5,000,000 tons.

The company has successfully employed quarrying methods in extracting the ore from the earth, and its operations are considered the most modern in the Islands. Since 1936 the Philippine Iron Mines, Inc. has continuously paid cash dividends to its stockholders with as much as P17.50 per annum on the Company's common stock of P50 par value. Its preferred stock bears a cash dividend of eight per cent per annum. The common has sold at as high as P150 on the local stock market. The mine produces an average of more than P250,000 worth of ore every month, carried in from five to seven ships to Japan. During the current year the Company is scheduled to supply its Japanese buyer with 770,000 tons, of which 551,237 tons have already been shipped during the first nine months.

Ore Shipped to Japan

The second largest producer of iron ore today is the Samar Mining Company, which is controlled and operated by the Elizalde interests. Its monthly average output is around P90,000. The Company's deposits, discovered in 1934, are located in the town of Hernani, Samar. Mining operations here are also considered highly efficient. Shipment of ore to Japan started in February, 1938.

Because of the recent discovery of Samar as an iron region, very little is as yet known about its geology. The Samar iron is described as "hematite, with a subordinate mixture of gangue matter. The hematite is partly hard and crystalline, partly soft and friable. Magnetite is also common." The ore has reportedly an average content of 60 per cent iron.

The iron deposits in Marinduque were discovered sometime in 1936 by natives of the province, although old workings were also reportedly found there. The deposits, which are presently operated by the Gold Star Mining Company, lie in the municipality of Mogpog. Shipments of ore, which are also made to Japan, started during the latter part of 1938. According to the operators, there are more than 5,000,000 tons of ore in sight. The Gold Star Mining Company now produces about P30,000 worth of ore a month.

In Camarines Norte there has recently been opened a new iron mine owned by the Agusan Gold Mines, Inc. The deposits are located in the Municipality of Paracale and are operated by the Insular Mine Operators, Inc., a Japanese-managed corporation. Since it started shipping ore to Japan last May, the Company has already nearly trebled its monthly output to P87,000. It is said that the iron content of the ore is quite high and compares favorably with that of the Philippine Iron Mines, Inc.

The iron deposits in Bulacan are said to be of high grade, but no attempt has so far been made to develop them on a large scale, due to the distance of the deposits from the nearest port, which is Manila. According to experienced mining men it is the cost of transporting the ore which has retarded the exploitation of these deposits and not the quality of the ore.

The Philippines may yet disclose other rich iron deposits, but until an extensive geological survey of the country's mineral resources is made by the government, these deposits will lie idle and unproductive.

Record Number of Ships Pass Through Panama Canal

No fewer than 5,903 vessels, the highest number since 1929, passed through the Panama Canal in 1939, according to a *Havas* report from Washington. Of the merchant ships using the Canal, 25.6 per cent flew the flag of the United States, 24 per cent were British, 16.1 per cent Japanese and 3.6 per cent Swedish. Fifteen other nations made up the remainder. Canal dues for 1939 were estimated at $143,522,343.

Soviet-Nippon Fish Accord Signed As Britain Moves to Appease Japan

A new move on the chessboard of international politics in the Far East was recorded on Dec. 31, last day of the old year, when a *modus vivendi* to regulate Japanese fishing in Soviet territorial waters was signed at Moscow by Mr. Shigenori Togo, Japanese Ambassador, and M. Viacheslav Molotov, Soviet Foreign Commissar. The new accord was signed only a few hours before midnight, when the existing *modus vivendi* was due to expire. Simultaneously, according to a *Domei* dispatch from Tokyo, the question of the final payment due to Soviet Russia on the purchase price of the North Manchuria (former Chinese Eastern) Railway was "satisfactorily settled."

Year-end Japanese reports from Tokyo and Moscow forecasted the conclusion of a Soviet-Japanese commercial treaty in the near future, while it was stated that preparations were being made to resume—in Harbin—the sessions of the Manchukuo-Outer Mongolian Border Demarcation Conference on Jan. 7.

The Silver Issue

British attempts to "appease" Japan, and Japanese moves in apparent response to these efforts, were seen in a number of year-end developments. The most important of these was an announcement by the British Government on Dec. 29, reported in Shanghai by *United Press*, that Sir Archibald Clark Kerr, British Ambassador to China, would leave Shanghai for Chungking the following day to attempt to persuade the Chinese Government to agree to a settlement of the Tientsin silver issue in order to end the Japanese blockade of the British and French Concessions in that city.

According to information said to have reached American officials in London, the proposed Anglo-Japanese agreement would allocate a small portion of the silver, possibly £100,000 out of the £800,000 now in the vault of the Bank of Communications in Tientsin, for flood relief in North China, the fund so created to be administered by an Anglo-Japanese committee. The remainder of the silver would be deposited in an American bank, possibly the Tientsin branch of the National City Bank of New York. This plan, it was stated, had been agreed to by the Japanese Government, and Britain is now seeking China's consent.

Japan Wins Demands

Sir Archibald Clark Kerr departed for Chungking on Dec. 30. If he secures China's endorsement of the Anglo-Japanese silver plan, Japan will practically have won all three of the demands for the enforcement of which the blockade of the Tientsin concessions was instituted. The first demand was for the handing over of three Chinese terrorist suspects, the second was for the rigid suppression of activities in the concessions by pro-Chungking elements, while the third was for the handing over of Chinese silver reserves stored in Chinese banks in the concessions, and the banning of Chinese national currency therein.

Another British appeasement move in the direction of Japan was seen in the announcement from Singapore on Dec. 30 that Japanese fishermen operating along the coast of the Straits Settlements will have their fishing permits extended to June 30. It was decided by the British authorities some time ago that these permits would not be renewed after Dec. 31.

Something which must have given great pleasure to the Japanese was the action of the Singapore authorities on Dec. 28 in issuing an expulsion order against Mr. Hou Hsi-fan, prominent member of the China Relief Committee, which sends millions of dollars to China annually. Mr. Hou was required to leave Singapore by midnight on Dec. 31.

Singapore Expels Chinese

Sir Alexander Small, Colonial Secretary in Singapore, stated that the expulsion order had been issued after he (Sir Alexander) had attended a meeting of the committee of the China Relief Fund at which Mr. Hou had personally encouraged the activities of unlawful societies—the Vanguard Corps and the Anti-Enemy Backing-up Society, which, he said, had committed many acts of violence and terrorism in the name of Chinese patriotism. These societies, he added, had been watched for some time, and it had been found that the Anti-Enemy Society was the organ for the Malayan Communist Party, which in itself was a dangerous and subversive organization aiming to overthrow the government by revolution.

A minor Japanese appeasement effort toward Britain was reported Dec. 30 when Japanese troops, "out of a spirit of friendliness toward Britain," withdrew from Shumchun on the border of the Kowloon Leased Territory, which forms part of the colony of Hongkong. Announcing this decision, a local spokesman of the Japanese Army warned that the area would be reoccupied if the Chinese attempted to use it as a base for anti-Japanese military operations or as a supply route.

Hongkew Return Promised

A second Japanese appeasement move, taking the shape of a vague promise to return the Hongkew district to the control of the Shanghai Municipal Council, was made by the Japanese Embassy here on Dec. 30. The area would be returned, a spokesman said, as soon as the question of jurisdiction over the extra-Settlement roads in the Western District had been settled. He added that preparations for a "return to normal" north of the Creek were almost completed, and once the extra-Settlement roads question was settled, rapid progress would be made regarding restoration of the Northern area.

The same conciliatory spirit was not, however, manifested in other important matters. While the local Japanese spokesman was vaguely promising restoration of Hongkew—but only in return for S.M.C. concessions on the outside roads issue, apparently—the Tsingtao office of the Asia Development Board reminded persons planning trips between North and Central China that new currency regulations would go into effect on Jan. 1. The new regulations provide that persons going from North China south, and carrying puppet Federal Reserve Bank notes, must exchange them for Japanese military notes at exchange offices set up on Shanghai wharves, while currency carried by those going north from Central China must be exchanged for Federal Reserve Bank notes at the same exchange offices—all at rates fixed by the Japanese without reference to the real value of these "currencies." It was also stated that the maximum amount which one person can exchange has been fixed at Yen 500.

When Will the Bubble Burst?

Walker in South Wales Echo & Express

Two Years of Undeclared War in the Air

BY AIR MAJOR-GENERAL C. J. CHOW

Director of Commission on Aeronautical Affairs

AT the outbreak of the present undeclared war the numerical strength of the Japanese air force was overwhelmingly superior to ours. Japan was believed to have a total of 2,300 first line planes, of which she could mobilize at least 1,000 for operations in this country. One estimate put the number of Japan's flying personnel at 15,000, and her planes in reserve at 230. Japanese aircraft factories could produce every month 60 new planes and the various Japanese aviation training centers could turn out every year between 400 and 500 men for the service of the Mikado's air force.

The Chinese air force was small and of recent creation, dating back hardly half a dozen years, while the air force of our enemy had a history of at least a quarter of a century. We were short not only of personnel and equipment but also of supplies. Yet against such overwhelming odds we have been able to carry on the fight for the past two years and a half and we are continuing it with renewed vigor. Japanese air raiders are frequently shot down by our pursuits and occasionally we send out bombing expeditions and inflict heavy losses on the enemy's air bases or troop concentrations. Our bombing expeditions to Hankow on October 3 and 14, 1939 are cases in point.

Chinese Air Achievements

The achievements of the Chinese air force in the present undeclared war may be briefly stated as follows: During the period between August 15, 1937 and August 31, 1939 we brought down or otherwise destroyed a total of 796 enemy planes, killed 1,062 and captured 51 members of the Japanese air force, and inflicted serious losses on Japanese warships, troop concentrations, airdromes and other military establishments. To these must be added the losses not yet confirmed and the more than 100 planes wrecked on the Hankow airfield as a result of our bombing expeditions in October. Up to the present, the total number of Japanese planes destroyed by us approaches the 1,000 mark.

Japanese military leaders at the very beginning confidently expected that they could easily wipe out the Chinese air force in a couple of weeks immediately following the outbreak of the war. Therefore, as soon as the war broke out the Japanese high commands concentrated their attention on the bombing of Chinese air bases.

Expeditions from Formosa

On the morrow of the commencement of the Shanghai hostilities, the Japanese sent out from their air base in Formosa two bombing expeditions to raid Hangchow and Nanchang. On the day following, August 15, 1937, a squadron of Japanese bombers appeared above Nanking.

In these expeditions, the enemy soon found that he had greatly underestimated the strength of his opponent. For what we lacked in equipment and supply was amply made up by the high morale of our personnel which found expression in the numerous subsequent engagements with the enemy. Japan's first bombing expedition into China received a stunning blow at Hangchow, where eight of the 13 air raiders were brought down by our pursuits. The air raid on Nanking met with an equally great disaster. Of the 20 heavy bombers sent out from Formosa, 10 failed to return to their base. The wrecks of six raiders were found in the neighborhood of the Chinese capital and the other four, apparently having been damaged by our pursuits' gun fire, dropped into the sea on their way back. During the second half of August, 1937 we had 12 air combats with the enemy in which we brought down 61 enemy planes and killed 146 of their crews in addition to taking about a dozen prisoners. The Kisaradzu Regiment was practically wiped out.

On our side, we lost 27 planes and the casualty list for our personnel was 23 killed, 35 wounded and seven missing. During the same period, we sent out 67 bombing expeditions to attack the enemy's warships, transports and troop concentrations, with the result that 10 enemy warships were hit and damaged by our bombs. In the following month our air force was equally active.

Shanghai Bombing Raid

One of our notable bombing expeditions was an aerial attack carried out on the night of September 18, 1937 on the Kunda Cotton Mill in Shanghai, where the headquarters of the Japanese troops were housed. As a result, the enemy sustained material losses estimated at over $7,000,000, in addition to heavy casualties in personnel. During that month the enemy showed much less activity in the air. For nearly three weeks Nanking was free from air raids. The enemy was apparently making preparations for refits, as the Kisaradzu Regiment with which he had started the air raids was annihilated by us.

In October, immediately before and after the fall of Shanghai, we were making preparations for evacuation. Our workshops were on the move and it was rather difficult to obtain adequate repair and overhaul service. The Chinese air force was, therefore, compelled to remain more or less inactive for two or three months before our planes once more appeared in a new theater of war near Hankow. This marked the first phase of our aerial warfare with the invader.

On the Southern Front

In February, 1938 our air force officers fought in a new theater of war with renewed vigor. They first distinguished themselves in an air combat with the enemy at Hankow on February 18, when eleven air raiders were shot down. By that time there was an urgent call from Kwangtung for a detachment of our pursuits to patrol the southern section of the Canton-Hankow Railway, which was frequently attacked by the enemy from the air. In the southern theater of war our pursuiuts also gave a splendid account of themselves in an engagement with 17 enemy pursuits which constituted the escort of a squadron of seven bombers engaged in an air raid on our airfield at Paiyunshan on April 13, 1938. Eighteen of our pursuits took to the air and engaged the enemy pursuits for 40 minutes, during which eight enemy pursuits were shot down by us and several others damaged by our machine-gun fire. Of the eight hostile planes brought down, six dropped in the neighborhood of Canton and the wrecks of the other two were found at Ki-O (漢奥) and Machow (丹洲) with their crews all killed. We lost three planes and the casualties on our side consisted of two killed and two wounded.

April 29 is the birthday of the reigning Japanese emperor and is celebrated throughout Japan as a festival day. But it has also become a red-letter day in the calendar of the Chinese air force. Last year, the enemy celebrated the Emperor's birthday by sending an aerial armada to attack Hankow. A score or two of heavy bombers escorted by as many pursuits, made their appearance above the Wuhan cities early that afternoon. After an engagement of more than an hour, our planes brought down 11 enemy pursuits and 10 heavy bombers. These losses were confirmed by the discovery of the wrecks, but according to a Shanghai press report the enemy's losses were much heavier. It stated that 35 of the enemy planes failed to return to their base.

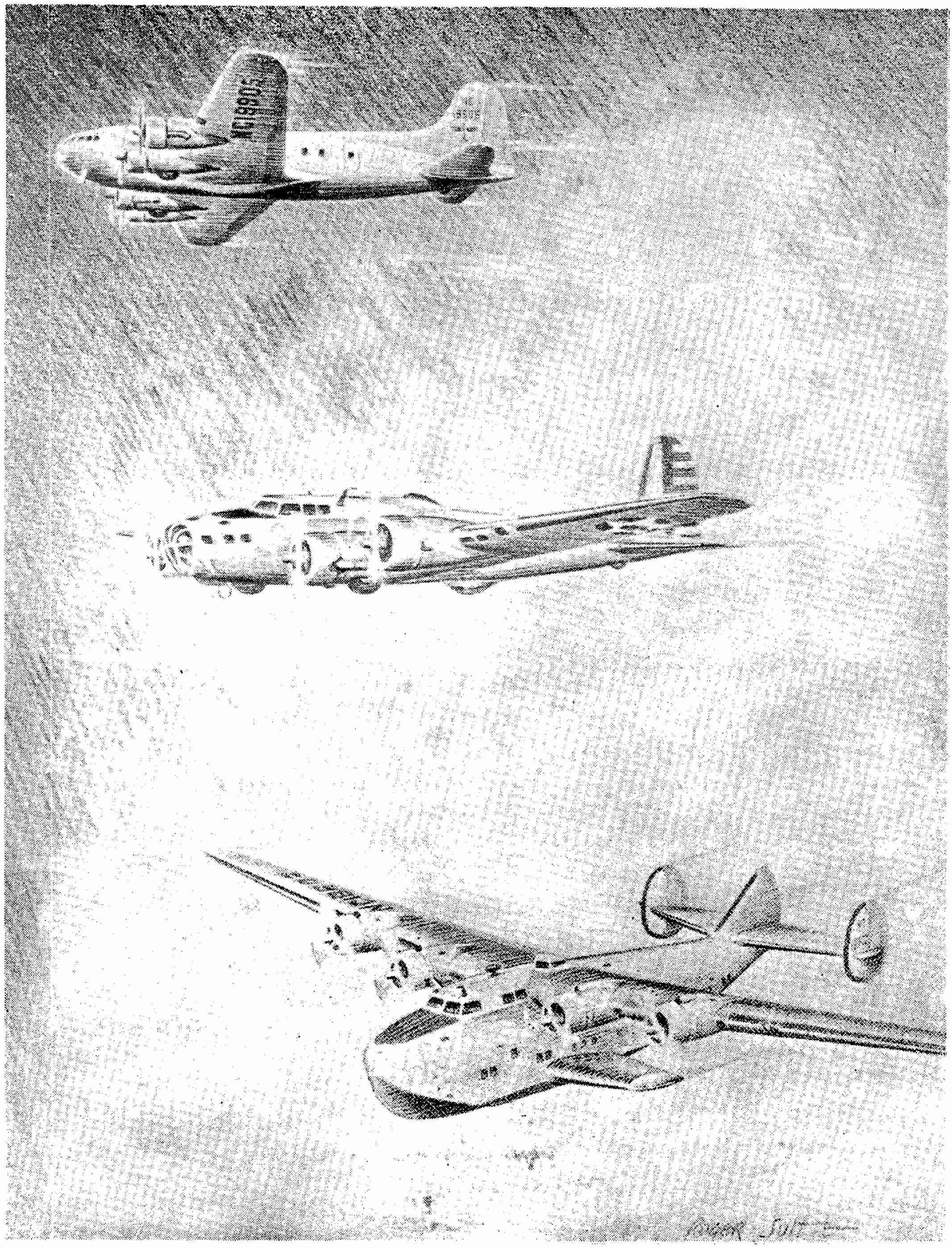
Skilled in Combat

In this engagement, squadron-leaders Liu Tze-han and Liu Chung-wu distinguished themselves by their bravery and consummate skill. The former, in a dog fight with three hostile planes, shot down one and put the other two to flight, while the latter engaged a flight of three enemy pursuits and succeeded in bringing down two and driving away the remaining one. Our total losses were four planes wrecked and three men wounded. This is a clear proof that the enemy's numerical superiority does not count much.

About a month later, May 31 to be precise, the Japanese made another attempt to attack Hankow from the air. They sent a fleet of 60 planes, 39 pursuits and 21 bombers, on this expedition. The raiders were met by our pursuits and after an engagement of about an hour, 13 hostile planes, 11 pursuits and two heavy bombers, lay wrecked at different places in the neighborhood of the Wuhan cities. We lost three planes, with one man killed and one wounded.

When an enemy plane was damaged by our machine- gun or anti-aircraft fire, the crew usually attempted to save their lives by parachute jumping. In many cases they succeeded in reaching the ground without a scratch, though a few of the unfortunate ones had been rather badly burnt when they were taken prisoner by us. Up to the end of August, 1939 we captured alive 51 Japanese airmen

A Trio of Four-Engine Boeing Planes



At the top is the new 33-passenger Boeing 307 Stratoliner; center, the Boeing B-17B Flying Fortress; below, the 74-passenger Boeing 314 Clipper. The picture is from an original drawing by Roger Sult, distributed by the Boeing Aircraft Company.

who are now quartered in comfortable camps, well-fed, well-clothed and well-cared for by us. The monthly allowance for feeding each prisoner of war is $12, which compares favorably with the mess bill of our own officers.

The prisoners are allowed to enjoy such simple luxuries as cigarettes, which are distributed among them according to their rank. The officers of higher rank are also better treated in other respects. Stationery, books and newspapers are provided for them. With the exception of the daily physical exercise which is compulsory, the prisoners are free to devise means for their recreation and amusement.

Nippon Airmen Superstitious

Among the prisoners there is one Lt.-Commander, one First Lieutenant and one Second Lieutenant of the Japanese Navy. Most of the others are non-commissioned officers and first-class airmen. Japanese airmen, as a rule, are very superstitious. On the bodies of the dead we always find charms, amulets and "one-thousand stitch" cloths which they had obtained from their Buddhist temples or Shinto shrines before they set out on their expeditions.

The skill of Japanese pilots has failed to win the admiration of foreign critics. One writer says that the Japanese air force has the highest percentage of accidents known to military aviation. Prof. E. Guyot, who visited Japan in 1936 and paid special attention to the question of the air force, writes as follows about Japan's airmen:

Imitative Not Creative

"The Japanese are excellent imitators, but they are not creative. They assemble parts copied from foreign models. When they have finished, the machine takes the air and a little later lies smashed on the ground. 'Their machines seem to have no soul', the military attache of a power not at all friendly to Russia said to me; and another declared, 'One has to be a hero to trust one's life to a Japanese airplane, even as a tourist, unless one wishes to commit suicide.' The Japanese seem to lack something physical as pilots. I have heard it said that their hearing fails in the air."

Among the Japanese airmen of senior rank killed in the present undeclared war, we may mention a few. Watanabe, a captain of the Japanese Navy, was killed on board a Fiat BR-20 which made a forced landing at Shayang in the spring of 1939. Fujida, a Lt.-Commander, who established a world distance record of close circuit, was also among the crew of the ill-fated plane. Capt. Okuda of the Japanese Navy was killed in the air combat at Chengtu on Nov. 4, 1939. The four well-known fighters, Capt. Nango, Shiraso, Shioda and Takahashi, whom the Japanese claim to be "air aces," have all been killed by us.

In this connection, further mention may be made of the activities of our bombing squadrons. Their achievements in the early stages of the war have been briefly referred to in the first part of this article. In 1938, their notable exploits were the two overseas expeditions; one to Formosa and one to Japan proper. On the latter expedition, which has been popularly known as the "Goodwill Mission" to Japan, our bombers dropped tons of printed literature instead of high explosives on various populous centers in Japan. Our repeated bombing of Japanese warships in the Yangtsze before the fall of Hankow dealt quite a heavy blow to the Japanese Navy. The outstanding features of our bombing expeditions in 1939 were the raids on Hankow. On the morning of October 3, 1939 a squadron of our bombers flew to Hankow and caught the enemy unawares. On their arrival, our bombardiers found three or four score of Japanese planes closely parked in three groups on the field. Over 100 bombs of various weight were released from our planes and the field was soon seen enveloped in smoke and flames.

34 Planes Wrecked

The next day we learned that a total of 34 enemy planes were wrecked and seven of the Japanese air crew were killed and four wounded. This information was confirmed by subsequent reports from other quarters. On Oct. 14, our bombers attacked Hankow in two waves. The first squadron arrived at Hankow at 11.15 a.m. and found about 70 Japanese planes, of which about 30 were twin-engined heavy bombers, parked on the field. Our bombs were dropped on the southeastern part of the field where most of the planes were parked and they set the planes and a depot or two on fire. Our 2nd squadron arrived about an hour later and found that the fire was still burning fiercely on the field. A fresh bombload from the late-comers greatly intensified the conflagration.

A squadron of Japanese pursuits attempted to attack our bombers but three of them were shot down by us. Subsequently we learned from different sources that the enemy on that day lost 50 to 60 planes, about 100 personnel, mostly airmen and mechanics, 56 trucks, three ambulances and hundreds of drums of gasoline. Their ammunition depot was totally destroyed. In retaliation, the Japanese sent 54 bombers in two groups to attack our airfields near Chengtu on November 4 but failed to inflict any serious damage. Five of their bombers, including a leading plane in which there was a Japanese colonel supposed to be a Japanese "Air Ace," were shot down by us. The wrecks of three Japanese bombers that were brought down on that day have been found and are now on exhibition in a public park in Chengtu.

Anti-Aircraft Defense

Our anti-aircraft batteries have also played a prominent part in the present war. At Nanking their achievements have disproved the popular belief that ground batteries are utterly helpless in dealing with air raiders. The following instances will illustrate the effectiveness of our anti-aircraft fire. On Sept. 20 the Japanese sent 96 light bombers to bombard Nanking in four successive waves. During the first raid, five raiders were brought down by our anti-aircraft fire, and at the end of that day our ground batteries had "bagged" a total of 12 raiders.

Once a flight of three air raiders was brought down by one shot. A bomb-laden enemy plane was set on fire by a direct hit and the explosion of its tank destroyed the other two planes. This occurred at Kintan, near Nanking, on November 27, 1937. On the night of October 10, 1938, Japanese air raiders bombarded Hengyang in five successive waves during which six air raiders were brought down by our anti-aircraft fire.

Protecting Communications

Of the 796 enemy planes destroyed by us, 143 were claimed by our ground batteries. Immediately after the outbreak of the war our anti-aircraft batteries did a good deal of valuable work in the protection of important lines of communication such as the Tientsin-Pukow and the Peiping-Hankow Railways. The presence of anti-aircraft batteries at the various important railway junctions prevented enemy bombers from low altitude flying and rendered their aerial bombardments more or less ineffectual.

Our precautions against air raids have also proved very adequate. Into the details of the measures we have adopted in this connection I shall not go in the present article. Suffice it to say that the relentless aerial attacks on our people by the enemy would have inflicted far more appalling losses on our civilian life and property had not such precautions been taken. In a word, our aerial observation posts are so placed that no enemy bombing squadron can pass through the cordon at any point without being observed. When a squadron of hostile planes is sighted, its movement is closely watched and reported to the higher authorities every minute as it advances. This enables us to give air raid alarms long before the arrival of hostile planes and afford the civilian population ample time to scatter or run for shelter.

I may make brief mention of the aerial bombardments carried out by the Japanese since the outbreak of the war. With improved performances of modern aircraft almost all the important cities in this country lie within the range of hostile bombing planes, and taking advantage of this, Japan during the past two years carried out extensive aerial bombardments in this country. At first, the Japanese airmen usually left the civilian population alone, but since the beginning of the current year, in utter disregard of humane principles and in defiance of world opinion, the enemy has repeatedly made deliberate attacks on civilian centers in unde-

fended cities such as Chungking, Chengtu, Kweiyang, Kweilin, Liuchow, Hengyang and others, with demolition and incendiary bombs. The buildings and establishments destroyed cannot be considered of any military value even by the widest stretch of imagination.

Bombing of Civilians

It seems plain that the enemy, exasperated by the prolongation of the war, suddenly hit upon the idea of carrying out ruthless aerial attacks so as to break the morale of our civilian population and thereby bring the war to a speedy end. But in this, as in many other instances, Japanese military leaders have committed a grave error. These ruthless aerial attacks, instead of producing the desired result, have only brought home more vividly to the Chinese masses the cruelty and relentlessness of the Japanese militarists and have, therefore, strengthened the Chinese people's determination to carry on the war to the bitter end.

Leaving the moral aspect of the question, we find that even the material losses sustained by the Chinese civilian population are slight as compared with those of our enemy, if such losses are expressed in terms of dollars and cents. Commenting on an air raid on Chungking last May when four Japanese bombers were shot down by Chinese pursuits a foreign press report says that the total losses sustained by Chungking inhabitants are estimated at nearly $5,000,000 Chinese dollars, while those of the Japanese are more than ten times this figure. The latter item includes the four heavy bombers destroyed, the cost of training a crew of seven for each of the planes, the fuel and bomb-load for the whole bombing squadron of 34 sent on the expedition and the wear and tear on their equipment.

Losses in Lanchow Raids

In this connection I wish to add that on other occasions the losses sustained by the Japanese were far heavier. Take, for instance, the air raids on Lanchow on February 20 and 23, 1939. On the former date, 30 heavy bombers attacked Lanchow in three successive waves, with the result that nine of the raiders, all of the Savoia 79B type, were shot down by us. Each plane was manned by a crew of seven, carried a bomb-load of 1,250 kg. and was armed with three machine-guns, two of 12.7 and one of 7.9 caliber.

Not discouraged by their losses, the Japanese made another raid on Lanchow three days later. This time they confined their attack to the business and residential quarters of the town. About 200 *chien* (room) of houses were destroyed or damaged, and the civilian casualties amounted to nearly a score, including the wounded. The military establishments sustained no loss. I should like to leave the question to neutral observers to decide: in these raids who sustained heavier losses, the attacker or the attacked?

Night Raids Costly

Night air raids prove even more costly to the Japanese than their day attacks, because of their fruitlessness. As soon as the night raiders are picked up by our searchlight units, our ground batteries always keep up a barrage against them, with the result that a few raiders are brought down, or at least their formation is broken up. In such circumstances, the raiders have neither time nor chance to look for their objectives and have to release their bomb-loads wherever possible.

Thus the bombs are often dropped miles away from their objectives. For instance, in one of the night raids on Hengyang in October, 1938, when six bombers were brought down by us, the bombs were dropped on the western outskirts of the town, half a dozen miles from the airfield, which was their objective. According to the statements of the prisoners taken, they could not see anything below because of the powerful beams of our searchlights, which were focussed on them. In addition to the casualties inflicted on them by our anti-aircraft fire, their losses due to accidents must also be heavy, as the Japanese are no experts in night flying.

Since their occupation of Hankow in the autumn of 1938 the Japanese have established two main air bases in China: one at Hankow and one at Yuncheng, Shansi. From the former they have carried out their bombing expeditions to Szechwan and other southwestern provinces and from the latter came the air raiders which attacked Lanchow, Sian and Hanchung. Owing to the fact that their air base in Hankow was so much harrassed by our bombing squadrons in October this year, when a total of more than 100 military planes were destroyed and a large oil depot set on fire in addition to heavy casualties in personnel, the Japanese, as far as we know, have shifted the center of their air force activities from Hankow to Yuncheng. This accounts for the fact that in the past two months the Szechwan cities have been quite free from air raids.

5,046 Air Raids

According to the figures on our record, since the outbreak of the war, up to the end of August, 1939 the Japanese have sent out to different parts of China a total of 5,046 bombing expeditions, averaging nearly seven a day and the total number of bombs dropped amounted to 92,635. If we estimate the average weight of each bomb at a little more than 200 lbs. which is a rather conservative estimate, the total bomb-load which the Japanese airmen hurled on Chinese soil during the period under review amounted to nearly 10,000 tons. This sounds rather startling, but the havoc they wrought in this country is rather limited. The heaviest losses of lives occurred among the civilians, who were killed, mostly, not by direct hits or bomb-splinters, but by the falling of houses. Altogether 45,330 people were killed, 57,063 injured and 164,695 *chien* of houses damaged or destroyed. On the average, a ton of bombs took a toll of 4.5 civilian lives, in addition to about 5.7 people injured and 16.4 *chien* of houses demolished or damaged.

Chengtu, Szechwan,
December 15, 1939

Friends of Finland Fund Grows Rapidly

Additional contributions received by the "Friends of Finland" Fund up to Dec. 29, brought the totals to £12, U.S.$10 and Ch.$4,615, according to an announcement by the Finnish Legation in Shanghai.

The new contributions were: L. C. Huang, $100; Thuguette & Claude Lafont, $15; Mme. Maurice Menier, $50; Rev. P. C. Matthews, $30; "Ard Choille," $100; H. Ore, $60; L. Chevretton, $100; Staff of Electrical & Musical Industries, Ltd., $200; "Aunt," $20; Charles Remuzart, $20; Pierre Jordan, $25; Jean Lafontaine, $100; J. R. Reed, $5; J.C., $100; Manfred Voigt, $50; Porto Cale, $50; Cathay Hotels Ltd. and Sir Victor Sassoon, $985; Mme. Cornier, $25; "Hemfred," $20; Collected by M.S., $130; M. Speelman, $50; S. Brakey, $25; N. G. Fromin, $5; Miss Kyra Vironius, $10; Rene Pontet, $50; S. W. Wolfe, $25; D. A. Fuleihan, $15; J.F., $20; "Amsterdam," U.S.$10; "Pour la Liberte de mes Enfants et les Enfants de mes Enfants," $100; Claude et Pierre, $10; Stanislaus B. M. de Rosset, $100; Customs Club, $15; Capt. H. A. Johnson, $50; C. H. Stableford, $10.

Contributions are being received at the Finnish Legation, 301, Route Cardinal Mercier, Shanghai.

Rice Speculator Given 15-Day Jail Sentence

The first of Shanghai's rice speculators to pay the penalty threatened hoarders by a recent S.M.C. proclamation, was sentenced to 15 days in jail at the First Special District Court on Dec. 30. There was no option of a fine permitted him.

The 41-year-old merchant, Huang Jen-chieh, was found guilty by a summary court of manipulating rice prices contrary to Municipal bye-laws. Municipal Advocate Y. D. Wong prosecuted the case.

Evidence produced in court proved that Huang had manipulated the market together with other parties. Advocate Wong also brought forth evidence pointing to the cornering by Huang of a large quantity of rice which was sold above the Council's fixed prices of $40 a picul for *ta mi* rice and $33 for *si mi* rice.

New O.S.K. Liner Starts Maiden Voyage Next Week

Said by her owners to epitomize all that is good in the label "Made in Japan," the 13,000-ton O.S.K. liner *Brazil Maru* will leave Yokohama on Jan. 11 on her maiden round-the-world voyage. The vessel has accomodations for 1,501 passengers and her Mitsubishi-Sulzer Diesel engines are designed to give her a speed of 22 knots. A sister ship to the *Argentina Maru*, the new vessel was built entirely of Japanese materials by Japanese engineers and craftsmen, *Domei* reported.

China Institute Arranges Technical Training for Chinese Students in U.S.

IT has been felt for a long time that in addition to their studies in school, Chinese students in the United States need practical training, especially in the different fields of technology, states a report prepared by the director of the China Institute in America, a summary of which has been made available in Shanghai.

After a period of consultation with the Chinese Ambassador in Washington, the Ministry of Communications of China and the Trustees of the China Foundation, the Institute was asked to initiate a program of practical training for Chinese students in America, the report discloses. It was decided that the first fields to be covered were automotive, highway engineering, traffic management and electrical communications. A grant from the China Foundation made possible a survey of Chinese engineering students in America and the commencement of an automotive training course at Chrysler Corporation in Detroit last June.

No Open Door for Chinese

American engineering colleges take for granted that their students will receive after graduation practical training in different American industrial plants. Because of this assumption, the courses at those colleges are intended to give the students fundamentals in theory, methodology, and research. Generally speaking an American graduate of an engineering school will have to work in an industrial firm from three to seven years before he is regarded as an engineer.

But to Chinese engineering students, the doors of American industrial plants do not open freely. Consequently, even though Chinese students may equal or excel American students in their scholarship records, the great majority of them do not have any opportunities to acquire practical training in their different fields of engineering before they return to China.

There are a number of difficulties in the way of arranging opportunities for Chinese students to get practical training in America. Among them are:

Some of the Difficulties

1. It costs a given industrial plant so much to train engineering students.
2. Since the depression, preference has been given to American citizens to become regular employees.
3. In methods of production, most plants give training only to those who plan to become permanent employees.
4. Chemical engineering plants usually want to guard as secrets their manufacturing processes.

So far, the channels through which practical training is arranged have been purchasing contracts, goodwill, the authorities of the different engineering schools.

In connection with the survey of Chinese engineering students in 1939, the China Institute attempted to find out which students were planning to return to China in 1939 and whether they were willing to undergo a course of training in automotive engineering in order to volunteer their services to their country. A small number of students specialized more or less in mechanical engineering and only a few of them could defray their living expenses while undergoing the course. Twenty-eight enrolled in this course. Mr. T. K. Chao, director-general of highways of China, helped to make this selection. He and the staff of the China Institute, in consultation with certain advisers, arranged a practical course of intensive training at the Export Division of Chrysler Corporation.

Briefly stated, a period of time would be devoted to servicing under the supervision of the Service Department, another period devoted to engineering problems in the Chrysler Institute of Engineering, another to repair work in the repair shops, and another devoted to certain special problems, such as carbonation, electrical systems, etc. After those periods of training, the faculty of Chrysler Corporation would be in a position to express an opinion whether further training would be necessary. The understanding was that the Corporation would be in a position to carry on the training course up to a maximum period of six months.

Squads With Leaders

For the purpose of maintaining high morale and facilitating intensive work, a group was organized into one class with a president, secretary and treasurer as officers. During the courses of instruction, they were divided into five squads, each with a squad leader.

The students ate luncheon together at the plant. During luncheon there was free discussion between students and the instructors. Three times a week they ate dinner together. After dinner, the class sat as a seminar. Requests for further information were written down and later turned over to the instructors. Each Saturday morning was devoted to weekly examinations. A comprehensive examination was given at the end of each course. Inspection trips were conducted to different industrial plants in Detroit, especially to those that were related to automotive engineering. Arrangements were made for the men to stay in one place to develop group spirit, as well as for some of the students to acquire the ability of using the Chinese national language.

Electrical Communication

Electrical communication blanks were sent out to all the electrical and radio engineers and graduate students in physics in the United States and the Institute hopes to open practical training courses which will include:

1. Telegraph and telephone:
   a. Operation and installation.
   b. Manufacture and testing.
2. Radio:
   a. Operation and installation.
   b. Manufacture and testing.

Official permission has been received from the Department of State at Washington, through the Chinese Embassy, for Chinese student engineers to study at the United States Bureau of Public Roads. Preliminary arrangements were made with Mr. Thomas H. MacDonald, Chief of the Bureau, to have the course of training include materials testing, soil testing, road construction machinery and tools, low-priced roads.

Traffic Management

A course is now being arranged through the National Association of Motor Bus Operators with the Santa Fe Trail Stage Company, where two traffic management students will receive training with that company. The Institute is negotiating with other motor companies for more openings. This practical training will include: passenger and freight transportation, registration, despatching, registration and licensing, examination of operators, motor traffic laws, public road marking.

Among other fields of practical training, the report concludes, opportunities have yet to be found in:—Aeronautical: engineers, instruments, maintenance, propellers, repair shop, spark plugs.

Traffic management.

Chemical engineering: alkali, chemical process equipment, chemicals processing, copper equipment, gas masks, industrial alcohol, oil refining, plastics.

Civil engineering: bridge construction, dams, foundations, geodetic and aerial survey.

Metallurgy: alloying, buffing, casting, die casting, forging, grinding, heat treatment, machining, melting, painting protecting, plating, shaping, soldering, stamping, rolling, welding.

Meteorology: weather forecasting.

Chungking Increases Telegraph Charges

In view of the rise in prices of telegraph materials, especially since the outbreak of the European war, the Ministry of Communications in Chungking last week announced the increase of rates for the dispatch of domestic telegrams, the new rates becoming effective on Jan. 1.

The rate for ordinary telegrams within the same province, previously seven cents a word, is now 12 cents per word, while the rate for interprovincial messages has been increased from 10 to 18 cents per word. Rates for urgent telegrams have been doubled. Press message rates are one-fourth of those for ordinary telegrams, while rates for official and military telegrams are one-half of those for ordinary telegrams.

Shanghai Strike Wave Subsides; One Plant Out

Shanghai's strike wave, occasioned by the sharp increase in the cost of living and especially the soaring prices of rice, had subsided at the end of last week to a point at which all strikes but one had been settled. The only strike continuing was that at the China Aluminum Rolling Mill, where negotiations between workers and the management were deadlocked.

Looming Cabinet Crisis Casts Gloom Over New Year Festivities in Japan; China Still Optimistic

THE first days of 1940 find China and Japan in strikingly different moods. While optimism prevails in Chungking, Tokyo is tormented by another threatening cabinet crisis, coupled with the unbroken stalemate of Wang Ching-wei's peace movement in Shanghai.

New Year messages were issued in Chungking by many government leaders including Chairman Lin Sen, Generalissimo Chiang Kai-shek, Finance Minister H. H. Kung, Foreign Minister Wang Chung-hui and other cabinet members. All the messages envisage a bright future for China and express confidence in China's ultimate triumph over her present crisis.

China's War Objective

Chairman Lin declared that the objective of China's war of resistance is to realize the Three People's Principles and advance the cause of world peace. Gen. Chiang urged the mobilization of the nation's spiritual and moral forces to overcome unfavorable circumstances. He believed that the full exploitation of the latent strength of China's two cardinal virtues, loyalty and filial piety, will enable her to break through the present crisis.

Dr. Kung declared that China's financial structure remains unshaken despite the strain of two and a half years of hostilities, which, he said, is not only a surprise to the enemy but also beyond the expectations of friendly nations. Outlining his financial policy. Dr. Kung stated that the National Government is seeking to build its wartime financial policy on a sound and stable basis for the dual purpose of meeting present war demands and laying a foundation for more extensive post-war projects.

Dr. Wang Chung-hui pointed out the helplessness of Japan diplomatically and militarily, and expressed the belief that the invading Japanese army in China will ultimately face annihilation.

Diet Displays Opposition

The festive atmosphere of Tokyo was marred by a threatening cabinet crisis, with the fate of the Abe Government hanging in balance as 250 members of the Lower House passed a resolution expressing non-confidence in his cabinet and demanding its resignation. Although Premier Abe is making a desperate effort to hold on by overcoming the opposition in the Diet, dispatches from Tokyo make no attempt to conceal the fact that political tension is mounting and may cultimate in the collapse of the Abe Government.

Conferring with his ministers on New Year's Day, Premier Abe announced that he intended to ignore the parliamentary opposition and to face the Diet in person when it reconvenes on Jan. 20. He said that to take seriously the vote of non-confidence by the dissenting members of the Lower House would "create a bad precedent." For this reason, he explained to his colleagues, he intended to remain in power to continue his endeavors to bring the Sino-Japanese conflict to a successful conclusion.

In his New Year statement Premier Abe declared that although the international situation was gloomy, Japan, with the cooperation of her 100,000,000 people, would achieve her goal no matter what difficulties were ahead. Gen. Abe renewed his plea for national unity and support for his government in the disposal of the China incident. The Japanese premier said the year 1940 would be a "very important one and would see big strides towards the realization of a New Order in East Asia." He predicted the establishment of the projected "Chinese Central Government" in the "very near future," but significantly omitted to designate a specific date for its creation.

Dissatisfied With Abe

Tokyo newspapers hold different views regarding the brewing cabinet crisis, but the majority express dissatisfaction with Premier Abe. While the *Nichi Nichi* warned against a cabinet crisis and counselled Premier Abe to regard the vote of non-confidence lightly, the *Kokumin Shimbun* bluntly declared that sentiment among political parties is that the Cabinet has forfeited the confidence of the nation "because of its many blunders."

The *Yomiuri Shimbun* said "a storm is bound to break out in the Diet. Opposition to the Government may reach fever pitch, at which the Government may find itself fatally stricken."

The movement, according to the *Asahi Shimbun*, was not engineered by political schemers, but has automatically grown out of actual visits paid by Diet members to their constituencies, where they saw actual conditions.

Mission Without Parallel

Japan's objective of establishing a "New Order" in East Asia would be carried out regardless of the outcome of the European war, Foreign Minister Admiral Nomura declared in a New Year message, adding that the Japanese nation was engaged in "a mission without parallel in its history." After briefly reviewing the international situation, Admiral Nomura said that Japan would not intervene in the European conflict but exert its entire efforts to dispose of the China conflict.

The New Year also provided occasion for Wang Ching-wei and his cohorts to indulge in considerable writing and speech-making, which all harped on the old theme of peace with Japan. Besides Wang, prominent among the speech-makers were Chu Min-yi, Chou Fu-hai, Chen Kung-po and other officials of the "Orthodox Kuomintang." The speeches were broadcasted from the Shanghai Central Broadcasting Station, recently installed by the Japanese.

Wang Issues Statement

On Dec. 28, first anniversary of the launching of his "peace Movement," Wang issued a lengthy statement expressing the opinion that Japan's desire to re-examine and readjust her relations with China was being solidified. Attacking the National Government for its policy of resistance, Wang asserted that the

Chiang Receives Burmese Goodwill Mission

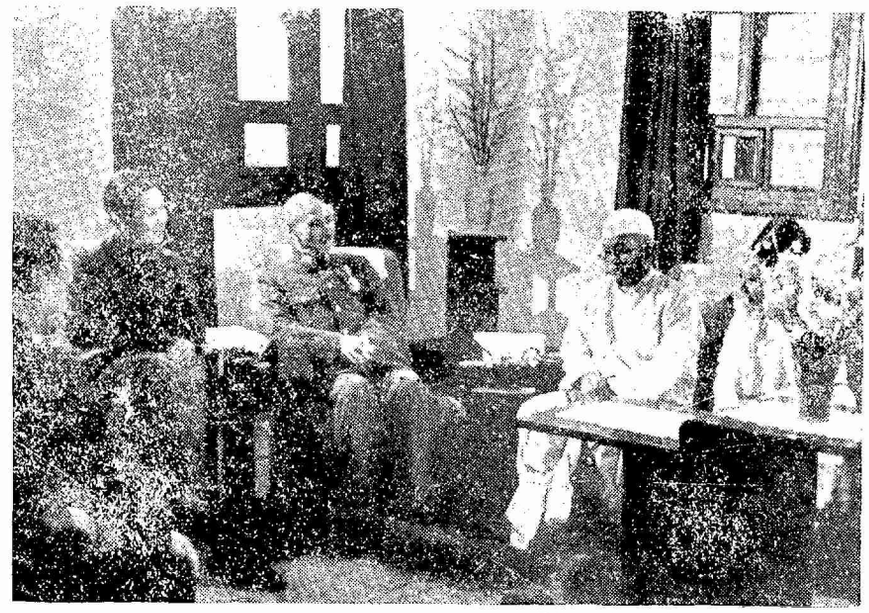


Photo by Thomas Kwang

During their recent visit to Chungking, members of the Burmese Goodwill Mission were received by Gen. and Mme. Chiang Kai-shek. Left to right: Mme. Chiang and the Generalissimo, U. Ba Lwin, leader of the Mission, and Miss Daw Mya Sein, deputy leader.

principle of fighting to "the bitter end" had been "exploded." He admitted that he was not able to obtain concrete peace terms before starting his peace movement, but pointed out that his motto is to "go straight ahead." Wang lamented that he felt" a sense of shame to be still living in this world" in view of the fact that his associates, Tseng Chung-min and Shen Chib-kao, had been assassinated.

In a radio broadcast on New Year's night, Wang boasted that both militarily and economically he was confident of his ability to carry out the peace movement. He asserted that China's national consciousness is the source of his military strength, while economic cooperation with Japan is his economic power. With one mind and united effort, he added, China and Japan can assume the onerous responsibility of creating a New Asia.

Taking a more active part in support of Wang's peace movement, Chen Kung-po, former minister of industry of the National Government and now a member of the "Orthodox" Kuomintang, also issued a lengthy statement echoing Wang's sentiments. Chen discussed the possibilities of "permanent peace between China and Japan" and remarked that mutual jealousy, instead of mutual understanding, has been the root of all troubles between the two nations.

Mutual Respect Urged

Pleading for peace terms "founded upon honor and justice," Chen urged that "Japan must pay due regard to China, while China must respect Japan. The two sides must bear in mind the future of East Asia. Should the two sides fail to keep these fundamental principles in mind, their negotiations will not only achieve nothing in the solution of the Sino-Japanese conflict, but will sow the seeds of endless incidents between the two countries in the future."

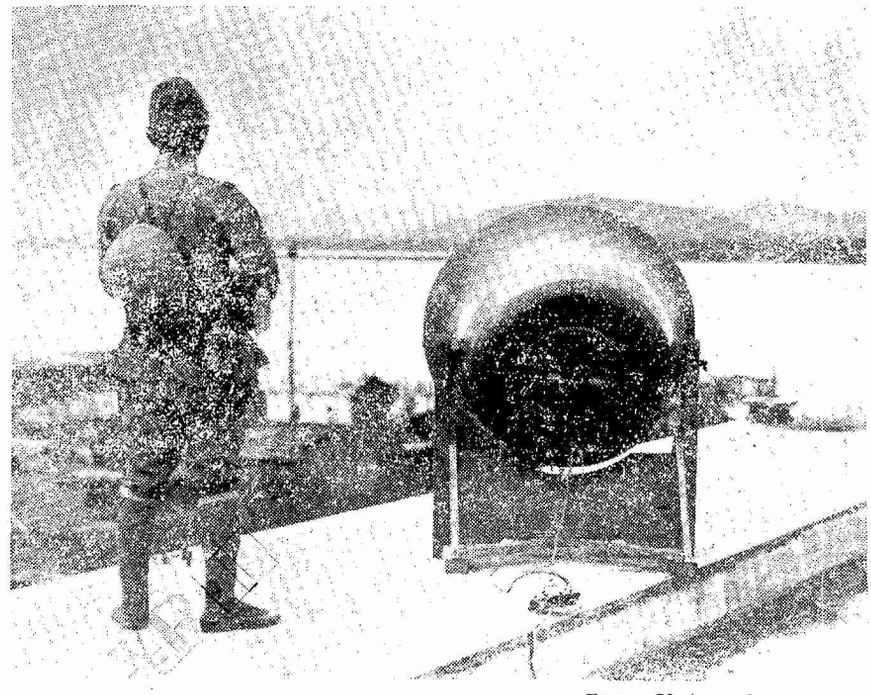
The New Year message by Chou Fu-hai, leading collaborator of Wang Ching-wei and formerly Chungking's publicity minister, contains a note of grimness. He demanded more "deeds" than "words" for this year. Dividing the "Sino-Japanese Peace and Co-operation Movement" into two stages, he said that the first stage was devoted to the discussion of principles, while the second stage will consist of putting the principles into practice. The second stage, he said, must commence with the removal of obstacles, the first of which is the impossible *status quo* which must be "swept away."

'Socialist' Visits Japan

Kiang Kang-hu, self-claimed leader of the so-called Socialist Party of China, who is fishing in troubled waters by joining the Wang Ching-wei peace movement, also made his voice heard. In an interview with the *China News Agency*, organ of Wang Ching-wei, Kiang said that during a two-week visit to Japan he was convinced by his talks with Japanese leaders that the Japanese people are whole-heartedly in favor of the peace movement in China. He claimed to have told the Japanese officials that the four aims of the Japanese campaign in China, namely, overthrow of Gen. Chiang Kai-shek, suppression of Communism, elimination of Western domination and re-establishment of Sino-Japanese friendship, have all failed. Kiang, it may be recalled, was in the 1920's president of the now defunct Nanfang College in Shanghai. He was ousted from the school by the students when he was found to be involved in a monarchial movement by writing flattering letters to Henry Pu yi, praising his wisdom and virtues.

Of all the former associates of Wang Ching-wei, Ku Meng-yu, former minister of railways, maintains his record unspoiled. Mr. Ku, according to a Hongkong message, recently paid a brief visit to Chungking, during which he was said to have pledged his loyalty to the government and its policy of resistance against Japanese aggression.

New Instrument of Japanese Propaganda



Press Union photo

This huge loudspeaker, capable of broadcasting messages or music over a distance of 20 kilometers at least, is one of many used by the Japanese Army in the Hangchow region. It forms one of a battery of several, used for broadcasting messages to Chinese troops stationed on the opposite bank of the Chientang River.

Diplomats for Chungking

While anti-British feeling continues to mount in North China, considerable diplomatic activity is expected soon to take place in Chungking. The Japanese military spokesman at Peiping made a vicious attack on Great Britain in the course of which he was reported to have said that "should we, people of the East Asiatic race, wish to continue our existence, we must rise and drive out the malicious influence of Britain from East Asia. There is no way out except to overthrow Britain."

Apparently in an effort to appease Japanese anti-British feeling, the British Government announced that its Ambassador to China, Sir Archibald Clark Kerr, was proceeding to Chungking with the view to persuading the Chinese government to agree to a settlement of the Anglo-Japanese dispute in Tientsin over Chinese silver held there. The Tientsin silver question was lately discussed between the British Foreign Office and the Chinese Ambassador, Dr. Quo Tai-chi, but the Chinese government is understood to have adamantly refused to consent to the removal of any part of the silver reserve from Tientsin.

Sir Archibald Clark Kerr, the British Ambassador, left Shanghai for Chungking on New Year's eve. The American Ambassador, Mr. Nelson T. Johnson, is shortly proceeding to Chungking.

The French and Soviet Ambassadors, M. Henri Cosme and M. Alexandre Semionovitch Panaouchkine, are already in Chungking. The Turkish Minister and the Chilean Charge d'Affaires have just presented their credentials. Italy, Belgium, the Netherlands and Germany have resident representatives in the Chinese Capital.

Constitutional Government

China may see the inauguration of constitutional government sooner than expected. In a statement issued to the press in the latter part of December, Gen. Chiang Kai-shek outlined the government's policy regarding the establishment of constitutional government. The Generalissimo declared that the constitutional period and political training period may well proceed in parallel. It is not necessary, he said, for the constitutional period to come only after the completion of the political training period. Gen. Chiang advocates the early promulgation of a constitution.

Domei reported from Hongkong that a movement to effect drastic reforms of the existing party organization and form a new third party was being launched by the Chinese People's Emancipation Committee in Chungking. Leading figures in the movement were said to include Gen.

Panay Association Donates to Shanghai, Chungking Orphans

Photos by Lacks

Chinese orphans in Shanghai, most of them victims of the Japanese invasion here, and Chinese orphans in Chungking, sons and daughters of Chinese soldiers who have been killed in China's war of resistance, were the recipients of a Christmas fund amounting to $1,020 which was raised by American Navy, Marine and Army ex-servicemen in Shanghai.

The money was divided equally between the St. Faith Orphanage, operated by Miss Maude Truxton Henderson in Shanghai, and the orphanage for children of Chinese soldiers who were killed in China's war of resistance. Each orphanage received a check for $510.00, the Chungking portion being remitted through the American Advisory Committee of the American Red Cross.

The accompanying pictures were taken at the time of the presentation of the check to St. Faith's Orphanage, on Jessfield Road. *Upper left* **shows the venerable Miss Maude Truxton Henderson standing with some of her 120 Chinese orphans.** *Upper Right* **shows Leon Anderson, representative of the Panay Memorial Association, presenting Miss Henderson with the check for $510.** *Lower left* **shows Miss Henderson standing with one of her pupils.** *Lower Right* **shows Santa Claus, in the act of distributing toys to the orphans in the St. Faith institution. The toys were contributed by an organization which repairs old toys for distribution to needy children.**

Huang Chih-siang, commander of the Twenty-sixth Group Army; Mr. Yen Chung, acting chairman of the Hupeh Provincial Government; Mr. Kuo Mo-jo, chief of the political department of the National Military Council; Mr. Chang Po-chun, a member of the People's Political Council; Mr. Peng Tse-min, former member of the Central Executive Committee of the Kuomintang, and Mr. Tan Ping-shan, also a former member of the same committee.

Tan Ping-shan was the Communist minister of agriculture in the short-lived Wuhan government in 1926-27 and for a number of years lived in retirement in Hongkong.

Thai Gets a Note

Expressing concern over the mounting anti-Chinese feeling in Thailand, Gen. Chiang Kai-shek, in a note to the Prime Minister of Thai on Nov. 22, requested that Thai authorities accord due protection to the lives and property of Chinese nationals residing in Thailand. On Dec. 7, according to a Chungking dispatch, Gen. Chiang received a reply from the Thai government, acceding to his request.

After a two-week visit in China, the Burmese Goodwill Mission returned to Burma on Dec. 27 by motor car via the Burma-Yunnan highway. Prior to their departure from Kunming, members of the mission were given a reception by Governor Lung Yun. In a speech at the reception, Gen. Lung stressed the traditional friendship between China and Burma. He also warned the Burmese people against malicious Japanese propaganda, which he said, aims at torpedoing Sino-Burmese friendship.

U.S. Nationals Abroad To Be Fingerprinted

As one of the counter-espionage measures now being enforced by the United States, all American citizens residing abroad are to be required to present themselves at the nearest American consular office, in order to have their fingerprints taken and their passports changed. An order to this effect was issued by the State Department in Washington on Jan. 1, according to a *Havas* report which said that photostatic copies of old passports will be sent to Washington for comparison with original documents.

Bumper Rice Crops Assure China's Food Supply

BY WILLIAM CHANG (張雲鵬)

RICE, the staple food and product of China's teeming millions, will be abundantly supplied everywhere in Free China during 1940 as a result of bumper crops in 1939 which enabled the Chinese Government to build up a huge reserve in the thousands of granaries in the interior provinces. This surplus of rice in inland China vividly contrasts with what appears to be one of the most serious problems in the areas under Japanese occupation, where there is not only no abundant supply of rice but actually an acute shortage of this important food of the Chinese. It also contrasts strikingly with the current reports that the people in Japan are poorly-fed and ill-nourished as a result of the war in China.

According to statistics of the National Agricultural Research Bureau, the year 1939 was a record year in rice production as far as the fifteen provinces now comprising Free China are concerned. The total output last year in the fifteen provinces of Szechwan, Yunnan, Kweichow, Hunan, Kwangsi, Chekiang, Kiangsi, Fukien, Kwangtung, Honan, Hupeh, Shensi, Kansu, Ninghsia and Chinghai, which are now entirely or partially under Chinese administration, amounted to 422,000,000 quintals, representing a seven per cent increase over the total production of 1938 or an eight per cent increase over the average of the last seven years before the war. The 1939 figures even shattered the all-time high of 1931, when a total of 412,000,000 quintals of rice was produced in the same fifteen inland provinces of China. The Bureau also reported an appreciable increase in the production of cotton, tobacco and sesame in 1939.

More With Smaller Acreage

The increase in the rice production of Free China is significant in view of the fact that the total acreage of paddy fields in 1939 was considerably reduced by the loss of the rich rice-producing regions along the Yangtsze Valley and certain districts of the southern provinces, the report pointed out. It further stated that no less than 21 per cent of the total national production of rice was lost as a result of the loss of these coastal areas to the Japanese. But the increase of the rice output in the interior in 1939 has reduced this 21 per cent decrease for the whole nation to 15 per cent during the year under review.

The increase in the rice output in the fifteen provinces of Free China during 1939 has not only provided sufficient food for the people in the interior, but has also brought about surplus production in many places. In this connection, it is interesting to point out that the Chinese Government has appropriated a sum of $62,325,000 to buy surplus rice from the farmers in Free China, so as to forestall a price slump.

This important step, which is warmly supported by the provincial governments and the banks, follows closely an order issued by Generalissimo Chiang Kai-shek a few months ago, to the effect that the Government will buy up all surplus grain in the nation so as not to injure the financial and economic welfare of the farmers due to bumper crops. Government purchase of surplus crops has another distinct advantage in that abundant foodstuffs may be stored up in the public granaries against rainy days.

According to the estimate, more than 12,750,000 piculs of rice and wheat could be purchased and stored up with this $62,325,000, of which $58,000,000 will be spent on purchases of the grain and $3,825,000 on the erection of new granaries. The four government banks—the Central Bank of China, the Bank of China, the Bank of Communications and the Farmers' Bank of China—will invest half of the total amount in the form of loans to needy farmers, while the National Government will put up another $25,000,000 to buy surplus grain, to extend credits and to construct new granaries. The three provincial governments have been asked to raise $6,675,000 in order to make up the sum of $62,325,000.

Grants for Three Provinces

The $25,000,000 that represents the National Government's portion in the enterprise has been appropriated by the National Treasury and, out of this amount, the Government has already granted $5,000,000 for Hunan province and $1,000,000 each for Anhwei and Kiangsi provinces for the purchase of surplus crops.

Hunan tops the other two provinces by far in producing more grain than it needs. In previous years, the annual surplus rice of Hunan came to more than 2,000,000 piculs with the maximum record as high as 3,500,000 piculs. It has been estimated that the figure for surplus rice in Hunan this year may exceed 10,000,000 piculs. The figures for surplus rice in Anhwei and Kiangsi this year are also expected to be higher than in previous years.

To supervise the vast task of purchasing and storing grain, a special committee has been established by the Executive Yuan, with representatives from the ministries of Interior, War, Finance, Communications and Economic Affairs doing their respective parts to facilitate the carrying out of the program.

Big Harvest Increase

Referring again to the rice production areas of Free China as given by the report of the National Agricultural Research Bureau, the total acreage of rice fields in the fifteen provinces under Chinese control during 1939 was 218,000,000 mow (a mow is one-sixth of an acre), representing a one per cent decrease in acreage from 1938 and a four per cent decrease from the average of the last seven pre-war years. But the harvest for each mow in 1939 was calculated at 387 catties (193 ½ kilograms), a considerable increase over the average yield.

Of the fifteen provinces under review, Szechwan, Yunnan, Kweichow, Hunan and Kwangsi lead the rest with half of the 1939 total production; Chekiang, Kiangsi, Fukien and Kwangtung contribute approximately 40 per cent; and Honan, Hupeh, Shensi, Kansu, Ninghsia and Chinghai produce the balance. The report also stated that the rate of increase in 1939 rice production in Szechwan, Yunnan, Kweichow, Hunan and Kwangsi is greater than that in Chekiang, Kiangsi, Fukien and Kwangtung, which in turn is greater than that in Honan and Hupeh. In Shensi, Kansu, Ninghsia and Chinghai, the Bureau reported a decrease in rice production during 1939. This decrease, however, is not important in the total production in Free China, as these northwestern provinces are not main rice-producing districts.

Tops Experts' Estimates

Commenting on the rice production of the year under review, the Bureau stated that the harvest in the fifteen provinces in Free China has exceeded the estimates made by experts, who based their calculations on the belief that this year's early, dry spring would adversely affect the output of the staple. The early drought, however, was immediately followed by sufficient rainfall and sunshine and bumper crops were reaped throughout interior China.

U.S. State Department Extends Moral Embargo

On Dec. 20, according to a *United Press* dispatch, the State Department in Washington extended the "moral embargo" on the sale of airplanes to countries engaged in bombing civilians to cover airplane plants, manufacturing rights and technical information needed to produce high-grade aviation fuel. American oil companies, the State Department disclosed, have informed the Government that they will not provide the countries concerned with facilities for manufacturing aviation fuel. The "moral embargo" does not extend to the sale of aviation gasoline, it was stated.

Japan Goodwill Plane Brings Gifts to Rome

Carrying souvenir gifts for King Victor Emmanuel and Premier Mussolini of Italy, also numerous other gifts for Italian officials, the Japanese goodwill plane *Yamato* of the Japan Airways Company arrived in Rome on Dec. 31. Having previously completed a round trip between Tokyo and Bangkok, also on a goodwill tour, the *Yamato* took off from Haneda airport, Tokyo, on Dec. 23 for the much longer flight to Rome. Stops were made at Taihoku in Formosa, Canton, Hanoi, Bangkok, Calcutta, Karachi, Bagdad, Rhodes Island.

THE NEW YEAR

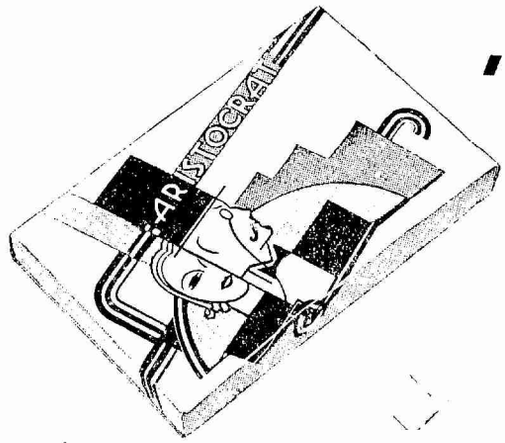
means making

NEW FRIENDSHIPS

further strengthening

OLD ONES

Make the acquaintance of



"ARISTOCRAT"

The Finest American Chocolates

Obtainable at the Park, Cathay Hotels, Palace Hotel Bar,
A. S. Watson & Co.

and the

Chocolate Shops

221 Nanking Road
Tel. 15001-5

BAKE-RITE

883 Bubbling Well Road
Tel. 34317-8

530 Ave. Petain
Tel. 78224

91-237

For Fast and Efficient Radio Telegraph Service to all Parts of the World Send

RADIOGRAMS

"Via RCA"

RADIO IS A FAST AND RELIABLE MEDIUM FOR ALL TELEGRAPHIC COMMUNICATIONS. IT HAS BROUGHT ABOUT RATE REDUCTIONS AND INAUGURATED NEW CLASSES OF SERVICE TO MANY COUNTRIES....

In CHINA file your messages "RCA"

(R.C.A. Communications, Inc.)

R. C. A. Communications, Inc.

(A Radio Corporation of America Service)

Head Office for China:—
Sassoon Arcade
Shanghai
Tel. 12558

AGENCIES:—
Tientsin: 65 Consular Road, Tel. 81480.
Hongkong: China Building.
Hankow: Harrisons, King & Irwin Building, Tel. 21771.

Mindanao Picked For Jewish Settlement

Bukidnon, a province in central Mindanao Island has been chosen by the Jewish Refugee Commission as the best Philippine site for settling 10,000 European immigrants expected to arrive in the Islands, the *Manila Bulletin* reported last week.

The New York International Refugee Commission has advised the Philippine Government of its acceptance of the report recommending Bukidnon, it was reported, and plans for resettling the refugees were now being worked out.

Lease Purchased

The Jewish Refugee Commission, was stated to have purchased the lease of an extensive cattle ranch at Bukidnon which will be used as a nucleus for the proposed Jewish community. The ranch was formerly owned by Mr. Dean C. Worcester, former Secretary of the Interior of the Philippines Commonwealth and one of the first American pioneers in the Philippines.

The Philippine Government has the lease to the ranch and must therefore approve of the Commission's plan, it was learned.

Under the present plan, the refugees will become Philippine citizens in name only.

Meanwhile, Dr. Stanton Youngberg, Executive Secretary of the Jewish Aid Society, arrived in Manila Dec. 28 on the Netherlands liner *Klipfontein* from the United States. Dr. Youngberg was recently appointed secretary of the Advisory Committee to President Roosevelt on Political Refugees. He visited Manila last April to investigate settling the Jewish refugees in the Philippines.

Fire in Straw-Hut Colony Renders 3,000 Homeless

Three thousand poverty-stricken Chinese were rendered homeless on the night of Dec. 28 when a raging fire demolished two-thirds of Wongkaloong village, a colony of straw shanties off Great Western Road, in the Western District of Shanghai. Of the colony's 1,500 flimsy huts, 600 were razed. An iron foundry and several small factories were gutted.

Seventy firemen of the Shanghai Fire Brigade fought the blaze under great difficulties, having to rush water-hoses through tortuous lanes and over small creeks, impeded by the rush of terrified victims fleeing with their chattels from one of the biggest fires seen in Shanghai in 1939. A disastrous fire occurred in the same village on Dec. 3, 1938.

Firemen had to lay hoses through the Honeymoon Gardens, one of the newest gambling and opium-smoking dens opened in the Western District, which overlooks the straw-hut village on the opposite side of a narrow creek. After a two-hour fight, from 1.30 to 3.30 a.m., the fire was subdued, and when daylight came the villagers were seen busying themselves in the reconstruction of the miserable hovels they call home.

命凡利

LIVEMIN

All Over The City

WOMEN ARE SAYING:

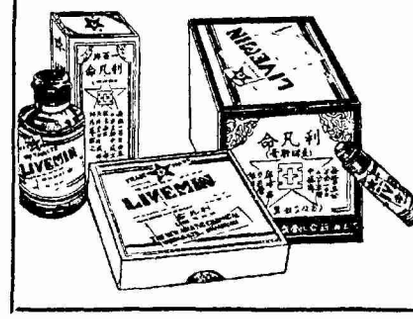
"LIVEMIN *is the general tonic for blood regeneration"*

Livemin, liver extract from the raw liver of calf, is the excellent tonic for pernicious Anaemia, Leucocy-themia, Obstetrics, Gynecology, Cachexia in children or aged, Neurasthenia, Digestive Disorders, etc.

Prepared by

THE NEW ASIATIC CHEMICAL WORKS, LTD.

1095 Sinza Road, Shanghai



THE
CENTRAL BANK OF CHINA

A BANKERS' BANK

HEAD OFFICE:
CHUNGKING

SHANGHAI OFFICE:

Telephone: 74430 Cables: "Governbank"

BRANCHES:

SHANGHAI	Swatow	*Nancheng*	*Nankiang*
HANGHSIEN (Yungkang)	*Kongmoon*	Lanchow	*Tueliutsing*
Ningpo	WUCHOW	*Tienshui*	*Nanpu*
Chuhsien	Kweilin	Kweiyang	*Mienyang*
AMOY	TIENTSIN	*Panhsien*	*Loshan*
Foochow	Peiping	KUNMING	*Kwangyuan*
Tsinkiang	NANCHANG	*Mengtsu*	*Santai*
Nanping	*Kian*	CHUNGKING	*ICHANG*
Chienou	*Linchwan*	Chengtu	*Hankow*
Pucheng	Chengchow	*Wanhsien*	Changsha
Santuau	Kaifeng (Nanyang)	Ipin	Changteh
Kulangsu	*LOYANG*	Yaan	*Hengyang*
CANTON	Sian	*Kiangtsing*	*Lingling*

FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA AND HONGKONG

Americans Present 3 Requests to Homma

On Dec. 28, with expiry of the American-Japanese trade treaty only four weeks distant, American businessmen in Tientsin submitted three requests to Lieut.-Gen. Masaharu Homma, commander of the Japanese garrison in Tientsin, in which they asked that the Japanese military permit immediate passage of American cargoes through all the barriers around the Concessions, passage without hindrance of employees of American firms, passage without hindrance of American citizens who produce American passports or identification cards, without the necessity of undergoing examination in the inspection sheds.

These requests formed part of a resolution passed by the American Chamber of Commerce in Tientsin on Dec. 13, two days before officials of the Chamber conferred with Mr. Nelson T. Johnson, American Ambassador to China. Included in the resolution was a denial of the assertion by General Homma that 200 passes had been issued among the 300 American residents of Tientsin. Only 15 passes had been issued, the Chamber asserted.

Homma's Accusation Refuted

The resolution also refuted General Homma's accusation that Americans were trying to interfere with Japanese actions in Tientsin. The sole aim of the Chamber was to facilitate Americans trade and there were no political motives behind this objective, it was stated.

General Homma had alleged that Americans failed to recognize the existence of war on a large scale in China, and warned that if the Chamber continued to recommend that the Japanese-American trade treaty should not be renewed, the Japanese military would be unable to discriminate in favor of Americans in Tientsin. To which the Chamber replied that it had simply protested against unnecessary obstructionism and delay at barriers in connection with the passage of both Americans and American goods.

Threatens War Declaration

After receiving the three American requests, General Homma declared that if the United States put an embargo into effect against Japan after expiry of the trade treaty on Jan. 26, there was a possibility that Japan might declare war on China.

Two important messages from Washington last week-end dealt with the new situation which has arisen in American-Japanese relations. The first, on Dec. 30, reported that Ambassador Nelson T. Johnson had conveyed to the Chinese Government assurances that the United States would not trade away any of China's sovereign or territorial rights during negotiations with Japan for the readjustment of Japanese-American relations in the Far East.

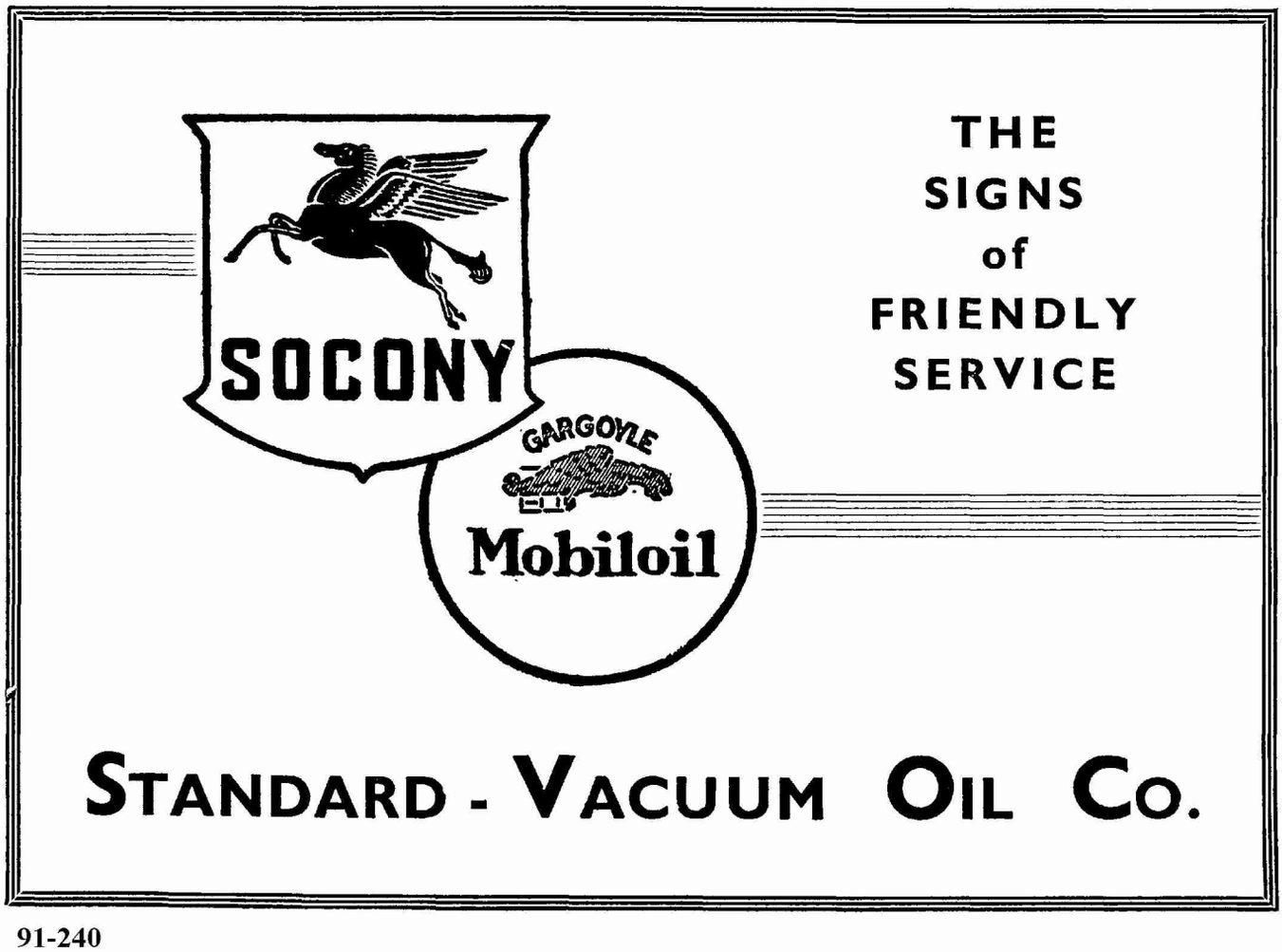
To Uphold Chiang

The *United Press* dispatch which recorded this move went on to say that it had been revealed (by whom was not stated) that the United States was following a policy of upholding the Chiang Kai-shek government and that the State Department had decided to refuse recognition to the proposed Wang Ching-wei government. The implications of this decision, according to informed observers, practically excluded United States acceptance of the "New Order in East Asia" unless Chiang Kai-shek voluntarily assented thereto. While, however, the United States was not taking an immovable stand against the "New Order," the Washington government would assent to it only if there were a guarantee of equal rights for American trade and free acceptance of the "New Order" by a recognized Chinese Government.

Into this the observers quoted by *United Press* read the implication that Japan could not expect renewal of the trade treaty with the United States unless she was prepared to negotiate with the Chiang Kai-shek government regarding her claims for special privileges in China.

The Embargo Resolution

Whether the United States Congress takes action to impose an embargo on Japan after Jan. 26 will depend on the manner in which Japan carries out her pledges, Mr. Key Pittman, chairman of the Senate Foreign Relations Committee, announced in Washington on Dec. 30. While expressing the hope that present American-Japanese negotiations in Tokyo would make Congressional action on the embargo proposal unnecessary, Senator Pittman stated, according to *United Press*, that "at the proper time" he would urge the Senate Committee to approve his resolution authorizing the President to proclaim an export embargo against Japan.



91-240

Quakes Take Huge Toll in Turkey

Approximately 20,000 persons lost their lives in Turkey toward the end of last week, when a series of earthquakes shook the country. Commencing on Dec. 27, shocks were continuing as late as last Sunday, causing rivers to overflow their banks and inundate huge tracts of country. With this added disaster, it was thought possible that the combined quake and flood casualty toll might reach the enormous figure of 200,000 persons.

The disturbances assumed a world-wide character as corresponding shocks were reported from the Witwatersrand gold fields in South Africa, Los Angeles, San Francisco and other points, though no casualties were reported in those instances.

According to the records made by the seismeters of the Central Meteorological Observatory of Japan, the quakes which shook Anatolia (Turkey) on Dec. 27, and which were the worst of the whole series, were felt for two hours in Tokyo, where the opinion was expressed that the quake was as strong as the great Japan earthquake of 1923.

American Mission at Ichang Bombed in Raid

In a Japanese air raid on the business section of Ichang, Yangtsze River port at the entrance to the Gorges, 70 persons were killed on Dec. 30, according to reports received in Shanghai. Two bombs were dropped on the compound of the American Church Mission, while the American Lutheran chapel was also damaged by Japanese bombs despite the fact that the property was marked by a prominently-displayed American flag.

Mr. P. Torjesen, Norwegian mission worker connected with the China Inland Mission at Hoku, northwestern Shansi, was killed on Dec. 13 when Japanese planes raided Hoku and destroyed the church of the China Inland Mission there, it was reported in Chungking last week. Mrs. P. Torjesen, widow of the slain missionary, is safe and unhurt, the Norwegian Consulate-General in Shanghai announced. She and another Norwegian missionary, Miss Thora Johansen, are both at Hoku, it was stated.

The Catholic Mission at Kochow, Kwangtung, was bombed on Dec. 7. A single missile fell into the compound and smashed doors and windows of the property, which was clearly marked with American flags.

Professor of Chinan U. Wounded by Two Gunmen

Mr. Huang Hsiung-liau, professor of architecture at Chinan University, was shot and seriously wounded on Dec. 26 at about 9.30 a.m. just after he had left his home, No. 3, Lane 42, Route Say Zoong. He is expected to recover. Two gunmen took part in the shooting, but only two shots were fired. One lodged in the victim's stomach, while the other grazed his arm. Questioned later by the French police, Mr. Huang could give no clues as to the identity of his assailants. He stated that he had no political affiliations whatsoever and had never received any threatening letters.

Allegedly the victim of a kidnapping campaign launched by the Special Service Section of the Japanese Army, Mao Shu-feng, proprietor of a printing shop at 1228 Avenue Foch, was abducted by five armed Japanese plain-clothes men on the morning of Dec. 29. Descending on the printing shop, the armed men seized Mao and the matrices for a number of books he was about to publish, bundled them into a waiting car and drove off to an unknown destination, believed, however, to be located somewhere in the "Badlands."

Two Chinese believed to be associated with the Chungking government were reported to have been kidnapped by unidentified men from a house on Route Vallon in the French Concession on Dec. 25. Eye-witnesses of the affair, who said that the victims were bundled into a closed car bearing license number 1357, reportedly declared that the kidnappers looked like Japanese.

For That Headache!

A good idea, perhaps, some mornings—a block of ice on the head—though hardly practicable.

The simpler and more effective way to rid yourself of sick headache is to take a dose of Pinkettes.

Pinkettes are tiny laxative pills which cleanse the system in a natural way, thereby correcting sick headache, biliousness, liverishness. They also aid digestion, purify the breath, relieve piles. From all chemists,

—PINKETTES—

Restore Cheery Efficiency.

TYPEWRITERS, AUTOMOBILES Bought, Sold, Rented, Repaired & Rebuilt, HERMES BABY Dealers, Bartlett Yung Co., 132 Kiangse Road, Tel. 11875, Garage End of lane 749 Yu Yuen Road, Tel. 20349.

交通銀行

上海分行

BANK OF COMMUNICATIONS

SHANGHAI BRANCH:

889 Avenue Joffre, Shanghai

Telephone 77183-6

With Branches and Sub-branches throughout China and Correspondents in all principal cities of the world. All kinds of Banking business transacted, including Savings and Trust business.

LOCAL SUB-BRANCHES:

438 Nanking Road,

228 Boulevard des deux Republiques,

1708 Bubbling Well Road.

91-241

Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

December 11

Gen. Chiang Kai-shek and Dr. H. H. Kung sworn in office as President and Vice-President of the Executive Yuan.

Lin Chi-yuan, a puppet leader in Fukien, reported captured by Chinese forces on Dec. 7, when they re-occupied Chaochow, north of Swatow. Lin said to be intriguing with the Japanese to set up a puppet regime in Fukien.

One Japanese artillery detachment reported wiped out on Dec. 8 in the fighting in the Chungtiao mountains, according to Chinese field dispatch from the South Shansi front.

Gates leading into the Nantao area (Chinese city of Shanghai) from the French Concession opened for the first time since their closure following the withdrawal of Chinese forces from Shanghai in November 1937. Many former residents visited the area.

*
**

December 12

Bitter fighting continuing in the Nanning area. Chinese forces northeast of Nanning launched a flank attack on the Japanese, while Chinese air force bombed Japanese concentrations in the vicinity of Yamchow. Some 700 Japanese troops claimed killed by the bombing.

Miss Mao Li-ying, 28-year-old head of a vocational school for girls in Shanghai, shot and seriously wounded by allegedly pro-Japanese terrorists. Police investigations revealed shooting inspired by political motives and recalled that Miss Mao was threatened by pro-Wang Ching-wei faction last year. She had been known as a strong supporter of the National Government.

The rise of anti-Americanism throughout Japanese areas, "if the United States fails to renew the 1911 commercial treaty with Japan," was predicted by Kiichi Sakatani, chief economic administrator of North China and organizer of the Peiping Federal Reserve Bank.

The demand that America halt the flow of war materials to Japan was made in a radio broadcast to the United States by Paul Moritz, representative of the U. S. Far Eastern Student Service Fund, now visiting Chungking. "American participation in Japanese aggression must be stopped," he said.

Led by Burma's veteran educationalist, U.Ba Lwin, a Burmese goodwill mission to China arrived at Chungking.

Miss Mao, divorced wife of Gen. Chiang Kai-shek, reported killed during a Japanese air raid on Chikow, Fenghua in Chekiang.

*
**

December 13

Chinese forces in South Hupeh, North Kiangsi and South Shansi launched simultaneous attacks against the Japanese. The Shansi offensive started yesterday, while the Kiangsi and Hupeh operations began before dawn this morning, according to Chinese field dispatches. The Japanese were said to have been taken completely unawares by the major operations and to have suffered heavy casualties. Tsungyang, strategic town in South Hupeh, claimed recaptured by Chinese troops, who allegedly had inflicted some 900 casualties on the Japanese garrison.

The Burmese Goodwill Mission to China, which arrived at Chungking yesterday, presented a message to Generalissimo Chiang Kai-shek expressing the hope that China will soon attain victory. Burma said threatened by the Japanese with air raids; transportation of arms to China through Rangoon stated as cause of the threat; Japanese propaganda in Burma called waste of money.

Three officials of the Nanking regime, Liang Hung-chih. Chen Chun and Wen Tsung-yao, arrived at Peiping to attend celebrations in connection with the second anniversary of the Peiping "Provisional Government."

*
**

December 14

Chinese forces claimed gains on many fronts. Japanese troops at Nanning reported isolated as a result of the severance of their communication lines to the sea by Chinese troops. On the Hupeh front, Chinese forces, after capturing Tsungying, said now converging on Tungcheng on Hupeh-Hunan border and Chungtsiang in Central Hupeh. Chinese troops in North Kiangsi, having crossed the Ching river, were reported advancing to the north and east. The pro-Wang Ching-wei troops under Hwang Ta-wei defeated in southern Fukien and were driven back into Kwangtung.

Chinese "winter offensive" against Japanese forces on various fronts checked, Japanese military authorities in Nanking asserted. "Marked progress" claimed made in November by the Japanese army in South China. Chinese casualties during the month said "9,907 killed," while Japanese casualties numbered "less than 200."

China re-elected to the League Council by the Assembly of the League of Nations.

France reported supplying China with 500 trucks to aid transportation work in "Free China." The order was placed with the Renault Motor Company by the Communications Ministry last May under a financial arrangement similar to the US$25,000,000 loan extended China by the American Import Export Company.

*
**

December 15

Further Chinese successes reported on the Shansi, Chekiang and Kiangsi fronts. Taiyuan, Hangchow and Nanchang, capitals of the three provinces were attacked and entered. Nanchang was set on fire on the night of Dec. 13, according to Chinese report.

The American Hebron Mission at Kwanshan, Kwangtung, bombed and destroyed by Japanese planes on Dec. 4, reported the **United Press.**

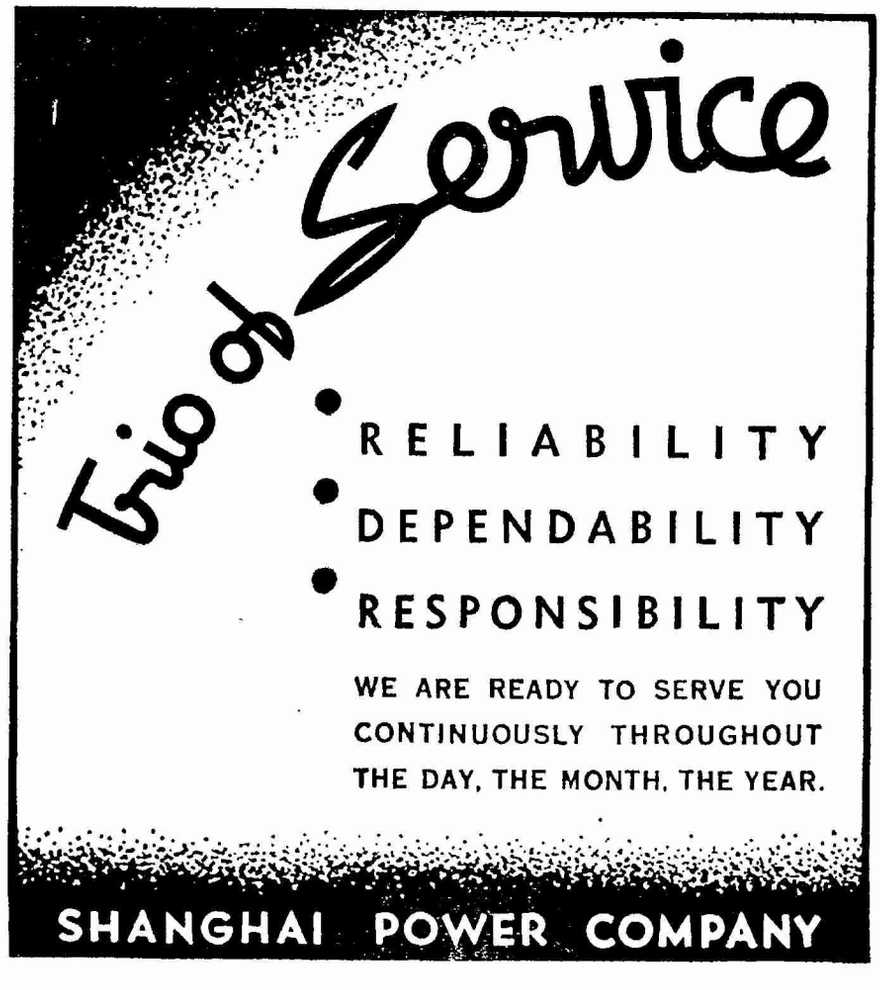
Ambassador Nelson T. Johnson visited Tientsin and conferred with American business leaders on the North China situation.

Miss Mao Li-yin, 28-year old teacher and relief worker, who was shot at by allegedly pro-Japanese terrorists on Dec. 12, died of her wounds.

Shanghai mobs staged 33 raids on rice shops; large quantities of rice seized. Price of the cereal nearing $50 mark per picul.

Branding Wang Ching-wei as a "spent bullet," Dr. C. T. Wang, former Chinese Ambassador to Washington, who arrived at Manila from Chungking, said that victory for China in the present war was assured.

Chinese residents in Cuba sent $39,000 to Mme. Chiang Kai-shek to aid her



Who's Who in China

Gen. Sun Lien-chung, army officer; formerly served in the Kuominchun (People's Army) under Gen. Feng

孫 連 仲
Gen. Sun Lien-chung

Yu-hsiang; fought against the Japanese troops on the Lunghai Railway front in 1938; he is now fighting in Central Hupeh; address: c/o Military Affairs Commission, Chungking.

campaign for winter garments for Chinese soldiers.

***

December 16

Many cities in Kwangtung and Kwangsi severely bombed (yesterday) by Japanese planes, according to Japanese army communique. The headquarters of the Chinese 66th Army in western Kwangtung said among the points attacked.

Reports of continued Chinese successes at various fronts as the result of a simultaneous attack launched a few days ago featured in all newspapers in Chungking.

Col. Itsuo Mabuchi, chief of the Japanese Army Press Bureau in Nanking, called the Chinese offensive a "bluff."

A Japanese warship claimed sunk on Dec. 12 by Chinese artillery batteries along the Yangtse near Kiukiang, according to Chinese report.

Sun Fo, President of the Legislative Yuan, arrived at Chungking by air from Kunming. Mr. Sun recently returned home from a extended trip to Russia and Europe on a mission of the Chinese government.

The Chinese Government ordered 50 military planes from Ryan Aeronautical Company, U. S. A., according to a Japanese report. Order valued at US$1,500,000.

Fifteen per cent of the US$25,000,000 credit loan to China repaid by the Chinese Government a month ago, according to official announcement by the Export-Import Bank.

Chen Hsien-tsung, secretary of the Chinese Editors' Union in Shanghai, kidnapped by allegedly pro-Japanese terrorists.

Export of two important metals essential to the manufacture of warplanes, molybdenum and aluminium, banned by the U. S. Government. Japan and Soviet Russia affected by the move.

***

December 17

Japanese troops started a counter-attack against the Chinese winter offensive on the central Yangtsze and Shansi fronts, with fierce battles in progress in the vicinity of Nanchang, central Hupeh and southwestern Shansi, according to Chinese reports. Strategy of the Chinese offensive said based on the disruption and destruction of Japanese communication lines. Japanese troops at Nanning remained on the defensive for the past few days.

The seventh meeting of the United Council of the Peiping and Nanking regimes, which concluded yesterday, failed to act on the question of a new "Central Government" which Wang Ching-wei had been planning to establish. Questioned by newspapermen in Peiping regarding the proposed regime, Liang Hung-chih, head of the Nanking delegation, declared: "The actual facts are not so simple."

"Britain and France have a slightly better chance of winning the war than Germany," declared Sun Fo, president of the Legislative Yuan, in Chungking, yesterday. Despite their present undertakings, Russia, Britain and France would continue to aid China, Sun believed.

Gen. Chiang Kai-shek addressed a message to the Burmese goodwill mission thanking the Burmese people for their cooperation and sympathy shown China.

***

December 18

A French loan of Francs 480,000,000 for the construction of the Szechwan-Yunnan railway concluded with China; contract signed between the Ministry of Communications and a group of French banks.

The Japanese Foreign Office announced the Government's intention to reopen the Yangtse River to third power navigation as far as Nanking under certain restrictions. The intention officially conveyed by Foreign Minister S. Nomura, to the American Ambassador, Joseph C. Grew.

Chinese troops launched a surprise attack on Kaifeng, Honan capital, on the night of Dec. 16 and entered the city the following morning, according to Chinese field dispatch.

Reviewing the military situation of the past week, Chungking military spokesman said that the outcome of the week's fighting had exposed the weakness of the Japanese military machine and indicated the Japanese were panic-stricken.

Three thousand puppet troops under command of Gen. Peng Yu-wen in Honan surrendered to the government forces on Dec. 15, it was announced in Chungking. The surrendering army brought with it a Japanese officer, Kunigoro Yoshida, who had been attached to watch its movements.

***

December 19

Eighty-one Japanese planes bombed numerous cities of Szechwan, causing heavy casualties and property destruction. The bombings said to be efforts to disturb the Chinese rear and check Chinese successes on various fronts.

Hankow French Concession searched by Japanese gendarmes for Chinese arms and alleged terrorists on the night of Dec. 10. Pretext for the raid was the alleged killing of a Japanese gendarme. The search followed shortly after the departure of the French military garrison for Shanghai.

The French garrison at Hankow, which had evacuated, arrived at Shanghai; would be sent to French Indo-China for eventual participation in the European war.

The **Hankow Hearld** of Chungking scored the Japanese announcement of the reopening of the Yangtse as a hypocritical act which would not benefit third Powers.

Persecution of Chinese in Siam continuing with increasing vigor; Chinese businessmen and intellectuals fleeing the country in large numbers. Numerous schools, shops and newspapers closed. Japanese influence said responsible for the anti-Chinese policies of the Siamese authorities.

IDEAL NUTRIENTS

I.D. EMULSION
of
COD LIVER OIL

I.D. COD LIVER OIL
with
MALT EXTRACT

INTERNATIONAL DISPENSARY

91-243

Men and Events

M. Marc Chadourne, French novelist and political writer, is visiting in Chungking.

*

Lieut.-Col. Shin Yamamoto has been appointed Assistant Military Attache to the Japanese Embassy in Washington. He succeeds Major Ringo Yamamoto.

*

The Shanghai Post Office announced last Saturday that owing to difficulties in transportation, no mail will henceforth be sent from this city to Germany, Austria, Czechoslovakia or Poland. This ruling became effective on Dec. 29.

*

Kent Lutey, manager of the import and domestic manufacturing division of Henningsen Produce Company, is departing shortly for the United States on furlough. He will be absent from Shanghai for about six months.

*

Miss Emily Hahn, well-known American writer, is at present in Chungking gathering material for a biography of the Soong sisters—Madame Chiang Kai-shek (Soong Mei-ling), Madame H. H. Kung (Soong Ai-ling) and Madame Sun Yat-sen (Soong Ching-ling).

*

There was a serious free-for-all fight between Italian marines and French soldiers in the Tientsin cabaret district on the night of Dec. 29, the number participating being between 30 and 40 on each side. One Italian military policeman was seriously injured and several on both sides required first-aid treatment.

*

The Rev. J. Wellington, vicar of Holy Trinity Church at Bedford, England, will be consecrated as Bishop of Shantung in succession to the Rev. T. A. Scott, who has been appointed Bishop of North China following the resignation of the Rev. F. L. Norris. This is according to a *Reuter* report from London. The Rev. Wellington worked in China from 1917 to 1935.

*

The Australian Government has announced the appointment of R. G. Casey as the Commonwealth's first Minister to the United States. Mr. Casey was treasurer of the Commonwealth and had served as Foreign Affairs Officer and Liaison Officer between Australia and Britain. He was born in 1890 and was awarded D. S. O. and M. C. in the first World War.

*

President Franklin D. Roosevelt announced on Dec. 30 that he would welcome to the White House leaders of all religious faiths who desired to discuss with him efforts to achieve world peace. The announcement was made following the President's recent decision to establish a liaison with the Vatican and with the leaders of the Jewish faith and the Federal Council of Protestant Churches in the United States. He stated that he had no intention of restricting his peace discussions to any particular creeds or faiths.

The Yeh-li Club, one of the large Japanese-protected, Chinese-operated gambling and opium-smoking establishments in the Badlands area of Shanghai, was seriously damaged by fire on Sunday, Dec. 31. The place was located at 368 Avenue Haig. The fire was reported to have started in the elaborate Christmas decorations.

*

The De La Rama Steamship Company at Manila has announced the purchase of the 2,000,000 Peso liner M. S. Dona Aurora, which was built at Trieste, Italy. The ship will be operated between the Philippines and New York, via Hongkong and Los Angeles. It is expected to take 20 days from Manila to Los Angeles and 39 days to New York via Hongkong. The ship was named after the wife of President Quezon. It is one of three ships now operated by the Filipino concern.

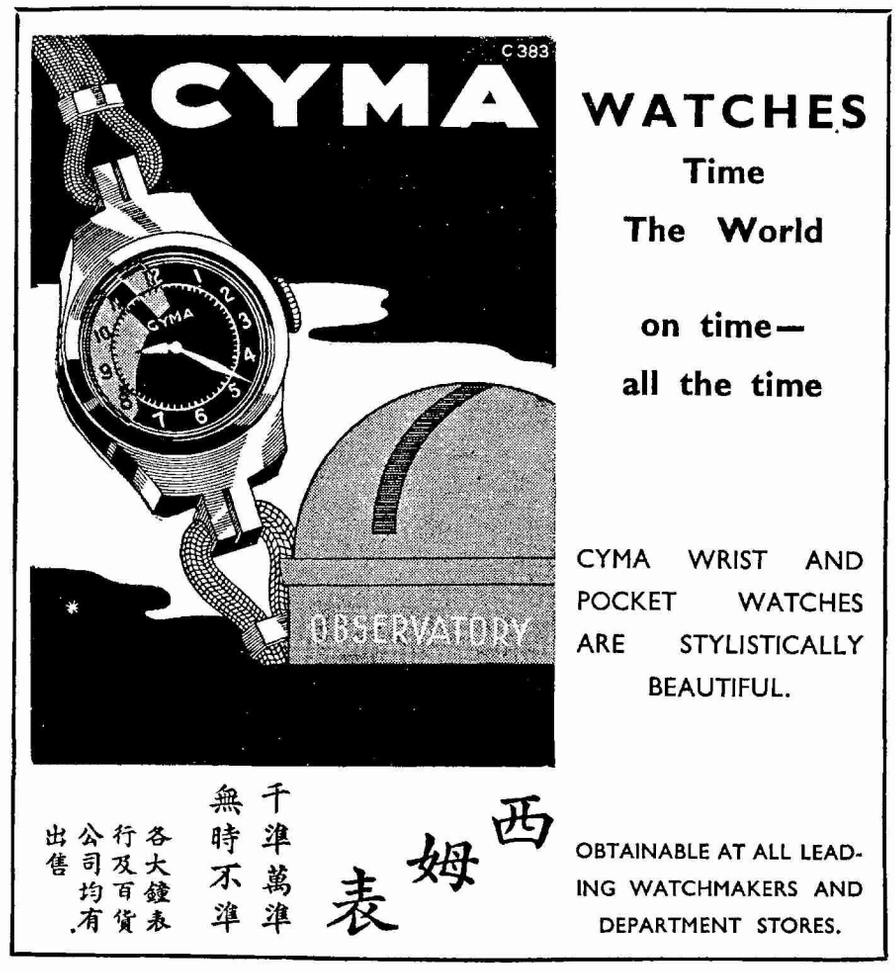
*

Haig Assadourian and Teodoro Jauregui, directors of the Hai Alai Auditorium in the French Concession at Shanghai, are assisting in the promotion of a similar enterprise at Manila which will be capitalized at Pesos 1,000,000. Construction of the buildings is scheduled to begin on Jan. 15. Among the Philippine businessmen who are cooperating in the enterprise is Joaquin Elizalde, Resident Commissioner at Washington, who is vice-president of the company. According to the prospectus, the company hopes to shift hai alai players from Barcelona, Madrid, San Sebastian, to Manila, Shanghai and Tientsin.

E. H. Munson, American, who served as secretary of the Chinese Y. M. C. A., died at Kunming, Yunnan province, on Monday, Dec. 25 of a heart ailment caused by the high altitude of the city. Mr. Munson had previously been secretary of the Y. M. C. A. at Foochow and more recently had been connected with the National Committee at Shanghai. He also served as a member of the Shanghai Advisory Committee for Relief in China. He had just attended a Y. M. C. A. Secretarial Conference at Chungking and had gone to Kunming to organize a branch in that city.

*

Miss Joy Homer, twenty-four-year-old writer, who spent several months travelling in 15 of China's eighteen provinces inspecting refugee conditions, arrived in New York on Dec. 29. In an interview in the New York papers, Miss Homer said that 10,000,000 people would perish of cold and hunger in North China this winter unless emergency relief was provided. Miss Homer was in the English Mission Hospital at Sian, Shensi when it was bombed by Japanese planes. Later, after she had recovered and was travelling in the southwest, she was seriously injured in another Japanese bombing raid at Kweilin, Kwangsi. She lost all her possessions in this raid. Miss Homer travelled with Dr. David A. Brown, chairman of China Famine Relief, on behalf of the American Church Committee, which is attempting to raise $1,000,000 monthly in the United States for relief in China.



C. E. Gauss, U. S. Consul-General at Shanghai, returned this week from Manila where he met Mrs. Gauss and their son who returned to the Far East by Pan-American Clipper.

*

Mrs. C. J. Spiker and son arrived in Shanghai this week, from Washington, D. C., on their way to Hankow where they will join Mr. Spiker, who is U. S. Consul-General in that city.

*

Paul W. Meyer, former American Consul at Kunming, Yunnan, and Mrs. Meyer, passed through Shanghai this week on their return to the United States on furlough.

*

Lady Jordan, widow of the late Minister to China, Sir John Jordan, died in London on Jan. 1. Sir John Jordan served as British Minister to the old Peking government for many years.

*

Funeral services for the late Mrs. Fu Siao-en, wife of Mayor Fu Siao-en of the Shanghai Municipality, who died on Dec. 23, were held at the residence on Avenue Joffre, French Concession, on Friday, Dec. 29. The funeral service was attended by leading Japanese consular, army and navy officials.

*

David Kung, eldest son of Dr. H. H. Kung, Minister of Finance at Chungking, has gone to Manila where he will be joined by his sister, Miss Rosamond Kung, and they will proceed to the United States by Clipper Plane. Both will enter college in America, according to report from Hongkong.

*

Lawrence Salisbury, formerly First Secretary of Embassy at Peiping, but recently with the State Department at Washington, passed through Shanghai this week en route to Manila where he will join the staff of Francis B. Sayre, High Commissioner.

*

The State Department, on Jan. 1, ordered all Americans residing abroad to present themselves at the nearest consulates and have their passports recorded and their fingerprints taken. The order was issued as a counter-espionage measure, due to evidence that Communists and Fascists of American and other nationalities were travelling on faked American passports.

*

Alexander Piskor, Polish writer and correspondent for Polish newspapers in the United States and France, who was in Shanghai for several days, departed for Japan on Jan. 2 and after a few days there planned to take a trip to Manchuria and North China. Mr. Piskor is collecting material for a book dealing with Sino-Japanese problems.

*

L. R. Carrel, Coast Inspector for the China Maritime Customs, died at the Shanghai Country Hospital on Monday morning, Jan. 2. He was 55 years old and is survived by his wife and daughter in Shanghai and three sons, L. C. Carrel, Jr., with the Customs service, Kuala Lumpur; P. Carrel in Zanzibar and Ian Carrel, a student at Oxford. Flags on all Customs departments were flown at half-mast in respect for the deceased official.

Mrs. Victor Keen, whose husband is correspondent for *The New York Herald-Tribune* in Shanghai, returned to this city during the Christmas holidays, after several months spent in travelling in Europe and the United States. Mrs. Keen was in France at the outbreak of the war and experienced considerable difficulty in obtaining steamship passage to America.

*

Lt.-Col. Grenier, commander of French Army Forces in China, departed from Shanghai on Friday, Dec. 29 for French Indo-China and later will return to France. A large number of local French consular, army and navy officials were at the dock to bid Col. and Mrs. Grenier farewell. After extensive service in the World War, Col. Grenier commanded French troops in Africa and in Indo-China, later being transferred to China.

*

Dr. Wm. W. Cadbury, chairman of the Canton International Red Cross and director of the Canton Hospital, is departing shortly on a trip to the United States. While in the United States, his address will be 160 East Main Street, Moorestown, New Jersey. Dr. and Mrs. Cadbury have three daughters in school in the United States. One is a senior at Wellesley, another a junior at Bryn Mawr and the third daughter is a senior at Westtown School.

*

Capt. Evans F. Carlson, former U. S. Marine Intelligence Officer, attached to the American Marine forces at Shanghai and Peiping, and later Assistant Naval Intelligence Officer at the American Embassy, who resigned from the service several months ago, has joined the executive staff of the American Committee for Non-Participation in Japanese Aggression. Capt. Carlson will devote the coming months to lecturing in various parts of the United States on conditions in the Far East. He was a delegate to the recent conference of the Institute of Pacific Relations at Virginia Beach, Virginia.

*

The Japanese newspaper, *Tairiku Shimbun*, organ of the Japanese Army, claimed in a recent article that Japanese cigarette factories are now supplying about 40 per cent of the local consumption in Central China, which amounts to about 30,000,000,000 cigarettes a year. Previously the manufacture and sale of cigarettes in this area was monopolized by the British-owned British-American Tobacco Company (Yee Tsoong Tobacco Co.), the report stated. Japanese interests are now operating five tobacco factories in the Hongkew and Yangtszepoo districts which were seized from the Chinese at the time of the Japanese occupation of that area. The Japanese paper said that Nanyang Brothers Tobacco Factory in Yangtszepoo, which was bombed and burned by the Japanese, will soon be restored with 60 machines in operation. It was thought that the operation of this plant would enable the Japanese to capture 60 per cent of the Central China market. The Japanese are also operating a large plant in Hankow which was taken over from the Chinese when that city was captured.

Every young girl should be bright and full of energy. The pink flush of health should be in her cheeks. She should be hungry for her meals, fond of an evening's recreation, and walking with a spring in her heels and sunshine in her eyes. She ought to be irresistible; life is at its best.

A girl who is thin, breathless and weak, anaemic, tired and wan, too languid to enjoy plain food, too shy and timid to attract, often being ill for a day having to be in bed, and always looking limp and unhappy, will improve wonderfully under the influence of the new rich blood that Dr. Williams' Pink Pills can give her. She will gain vitality and attractiveness, grow healthy and jolly, get rid of all her lassitude and languor.

If you are anaemic, run-down, start taking them to-day and see how soon you feel the benefit.

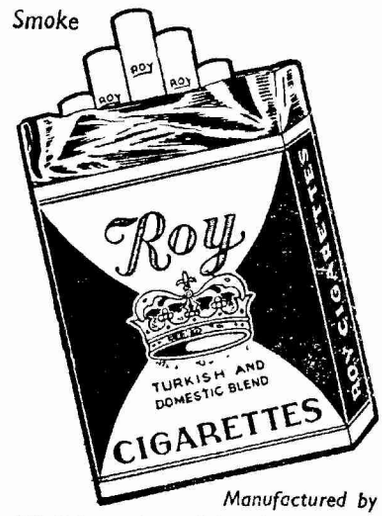
DR. WILLIAMS' PINK PILLS

Build up health and strength.

For

Turkish and Domestic Blend

Smoke



Manufactured by

THE AXTON-FISHER TOBACCO CO.

Louisville, Ky., U.S.A.

91-245

WHEN YOU THINK OF PAINT THINK OF CAMPBELL

PAINTS AND PAINT WORK

Everything the best

H. B. CAMPBELL

1481 Bubbling Well Road

Phone : 34360

SWAN, CULBERTSON & FRITZ

Investment Bankers and Brokers in Securities and Commodities.

Daily New York and London Stock Exchange Service.

Sassoon House Telephone 11200

HAS YOUR BABY A COLD

The first step in curing a cold is to remove all intestinal congestion. This can be done most effectively for infants and children by giving a dose of Baby's Own Tablets. These tablets dispel constipation, allay feverishness, relieve discomfort, restore appetite and assist speedy recovery.

Originated by a medical child specialist, Baby's Own Tablets are absolutely safe for the youngest infant as they contain no harmful ingredient; they are taken by children without fuss because of their pleasant taste. Obtainable at chemists,

Baby's Own Tablets

are mother's help and baby's friend.

91-246

H. L. Yung, manager of the Singapore office of American-Asiatic Underwriters, insurance representatives, arrived in Shanghai this week on the President Coolidge, from a trip to the United States. He was accompanied by Mrs. Yung, who formerly was Miss Yin Tang, who played the title role in "Lady Precious Stream" when it was presented here some time ago. While in the United States, Mr. and Mrs. Yung visited Mr. and Mrs. C. V. Starr of Shanghai who are now in New York.

•

The Japanese military authorities in North China have announced the formation of the so-called North China Electrical Industry Company, capitalized at $100,000,000, which will operate electric light and power plants which the Japanese Army seized from Chinese interests at the time of the Japanese occupation of the northern provinces. Capital of the new organization will be supplied by the Peiping Provisional Government ($50,000,000), North China Development Company (Japanese) $30,000,000, and the Nippon Electrical Enterprise Kaisha, $20,000,000. Other Japanese enterprises now operating in North China include North China Transport Company, Chung Hua Aviation Company, North China Railway Company, North China Telegraph and Telephone Company, North China Motion Picture Company, North China Cotton Company and North China Cement Company. With the exception of the motion picture concern, all other Japanese enterprises represent interests seized from the Chinese.

$21 Millions Spent on China Relief in 1939

A sum of $21,000,000 was spent last year for the relief of civilian war refugees in China, according to Mr. Hsu Shih-ying, chairman of the National Relief Commission.

A large part of the money was spent on constructive work relief projects, as contrasted with a large proportion of funds spent on emergency relief programs at the outbreak of the war.

The Commission today is running eight handicraft workshops and subsidizing 13 others. Five different colonies have been established in the interior, of which Taiho, in Kiangsi province, is the most successful, while Huanglungshan, in Shensi province, is the largest.

Six other colonization districts have been formed, including one recently organized in Yunnan province, attracting many refugee settlers from the occupied war areas.

Hongkong Harbor Closed When Patrols Raise Alarm

As a result of an alarm turned in by offshore patrols Hongkong harbor was closed on the morning of Jan. 2 by order of the British naval authorities. Closure of the port was officially described as part of war defense precautionary measures, while steps were being taken to investigate the occasion for the alarm which had been turned in.

THE NATIONAL CITY BANK OF NEW YORK

ESTABLISHED 1812

Savings Accounts

$10 (National Currency) will open a savings account with interest at

3½%

per annum

The National City Bank of New York

SHANGHAI BRANCH

41 KIUKIANG ROAD

A.B.C. PRESS, SHANGHAI

Printing in all its Branches

Your work should bear our imprint

New Books of Interest in the Far East

Tale of Exploration

THE SILK ROAD—By Sven Hedin. Translated from the Swedish by F. H. Lyon. Published by Routledge & Sons, Ltd., London. 322 pages, including 31 plates and a map, appendix, index. Price, eighteen shillings.

This book is a remarkable illustration of the rapidity with which change can come in ideas, politics and material projects. When Sven Hedin was sent by the Chinese government in 1933 to examine and report on roads between China and Sinkiang, there was but remote possibility of such advances as those of the past two years.

The fifteen-month trip supplied material for more than one book. Starting by motor from Suiyuan, Hedin's caravan went westward to Sinkiang, where they found themselves in the midst of the civil war raging between Ma and the northern army under Russian leaders. When Dr. Hedin finally escaped from this war area, he was detained for months in the capital of Sinkiang on suspicion of being a spy of the Nanking government.

The tenth chapter, which deals with the hostilities, is a summary of Dr. Hedin's earlier book, *Big Horse's Flight*, which tells of General Ma Chung-yin's flight. The author describes this period as a "time which was beyond comparison the worst and wildest I had experienced in Asia since in 1885 I set out upon my first expedition in the great continent." Not only once, but many times, single members or the entire expedition were in danger of losing their lives.

Both sides in the civil war had plundered the expedition's oil and petrol, so they thought to make a short dash to Urumchi for replacements. Part of the expedition had remained at base camp number 70 on the Kum-daria; to them also oil had to be sent. In was on this trip that Dr. Hedin was imprisoned at Urumchi by the governor-general, Sheng Shih-tsai. The description of the foreign community at Urumchi and of the political conditions there forms one of the most vivid parts of the book.

The new Lop-nor and the new course of the Tarim which had come into existence in 1921 were objects of special study. This is to be dealt with in a succeeding book, *The Wandering Lake*. On the shores of the shifting Lop-nor the expedition found a burial ground which had been plundered by the Turkis ten years previously. The salvaging of the remaining objects caused a misunderstanding with the Chinese government, which had specified that archaeological research was not to be conducted by this group.

The section of the Silk Road mapped by this expedition provides the subject matter for less than a quarter of the book. Most of this material will be covered in *The Wandering Lake*. Dr. Hedin envisages a motor road across Central Asia and Europe to the Atlantic Ocean:

> "Those who say that such a plan is impossible and impracticable should not forget that it was actually carried out two thousand years ago, and that traffic along the Silk Road between Sian and Tyre continued for five hundred years. Many a bloody war was fought out in those days between the countries and empires through which the Silk Road ran, but the peaceful traffic continued uninterrupted, because all saw the enormous importance and advantage of one of the greatest and richest arteries of world trade."

The expedition described in this book comes as the climax to a lifetime of remarkable adventure devoted to research in central Asia. Dr Hedin, who has made his investigations accessible to the general reader in such readable books as the one under review, celebrated his seventieth birthday in Nanking at the completion of this expedition; fifty of these years had been spent in his Asiatic work. The recent road-making activity through this area shows the foresight of the government in asking Dr. Hedin to undertake this work.

An appendix by Dr. Hedin brings events in Sinkiang up to June, 1938. A word about the map is not out of place. In an edition which has spared no expense in illustrations and general format, it would seem only reasonable to have a map whose place names correspond in spelling with those used in the text.

F.M.R.

Anti-Semitic Hatred

PERISH THE JEW. A Clinical Treatment of Anti-Semitism. By David Goldberg. N. Y., the Bloch Publishing Co., 1939. 282 pages. Price U.S.$2.50.

The Jewish stamina to survive was built up, says Mr. Goldberg, in Judea in the hundred and thirty years which elapsed between Israel's and Judea's captivity. Under the leadership of Isaiah, Hosea, Amos, Micah and Jeremiah the concept of nationhood

In the United States Court for China

IN RE CHANGE OF NAME OF ALEX MASLENIKOFF,

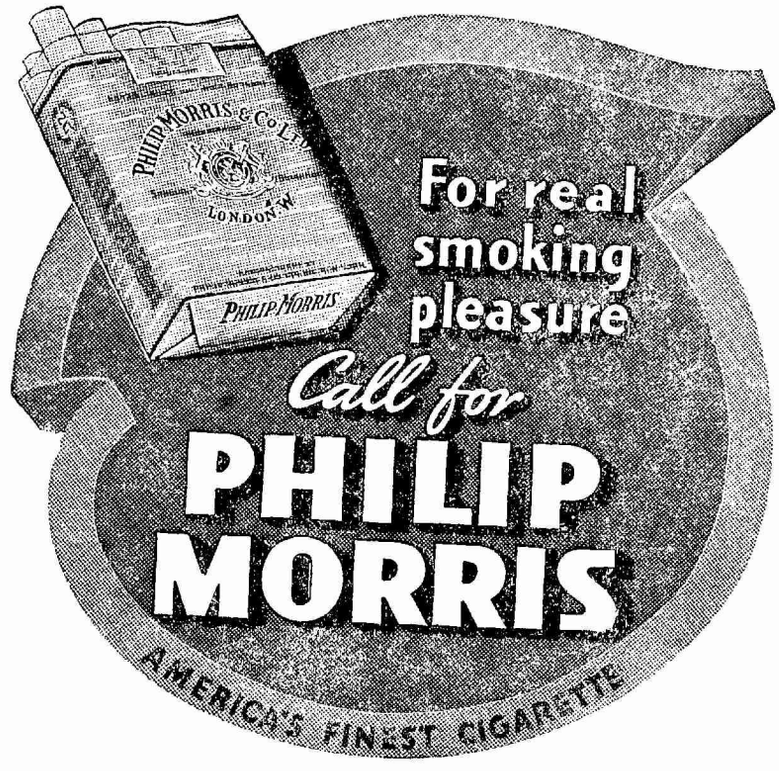
Cause No. 4454
Special Proceedings No. 2333
NOTICE
Filed at Shanghai, China, this 4th day of January, 1940.
WILLIAM T. COLLINS
Clerk.

NOTICE

Notice is hereby given that ALEX MASLENIKOFF, an American Citizen residing in China, has filed his petition in this Court praying for authority to change his name to ALEX MASLENIKOFF BRYNER.

Any person interested may, on or before January 30th, 1940, offer and show to said Court why the said petition should not be granted.

WILLIAM T. COLLINS
Clerk, U. S. Court for China.



91-247

made the Jews a united people without the necessity for a land. The Babylonian captivity made the Jew potentially into the man we now know. H. G. Wells, writing of the Babylonian captivity, said the Jew went into Babylon a barbarian and came back civilized. He went into the Roman captivity civilized and came out humanized.

The author presents the world problem of hatred of the Jew as it has operated in history. He concludes that hatred has always been inspired by the leaders and has not originated with the people.

He discusses two of the chief Jewish theories for the survival of the Jews. The first is that of the twelfth century poet-philosopher, Jehudah Halevi; his belief is that God has given the Jew a unique regenerative seed-like quality for a divine purpose. The second theory is that of the late rationalist Achad-Haam; he saw the principal factor determining their survival in their gift for adaptation.

"From the fact that Jewish persecution has always been the presager of persecution for the great masses of Gentiledom as well, we infer that there is, there must be, a solution for the Jews within the Gentile humanity," writes the author. Although he thus allies the problem of persecution of the Jews with humanity as a whole, his book ends with a strong appeal to the Jew to persist. He believes that the spiritual heritage of the Jew is one with the Christian in the heritage of civilized mankind. And therefore the Jew must and will survive.

In his preface, the author makes no claim to objectivity. He says human history seems to show that the vitality of the victim is infinitely stronger than the vitality of the victimizer. So this is not a Book of Lamentations, but a Book of Hope.

F. M. R.

Doctrine of Catholicism

THE CATHOLIC PHILOSOPHY OF LIFE—A Series of Radio Lectures Presented Under the Auspices of the Shanghai Catholic Radio League. First Series, 1938-1939. T'ou-se-wei Press, Shanghai, 1939. Cloth, 196 pages.

The contents of this book are the first Catholic radio sermons broadcast in North and Central China, a series which embodies the fundamental points of Catholic doctrine. There is no attempt to deal with external problems. "The Church does not directly set out to make the world economically and politically perfect. Her primary purpose is to make men serve God, submit to God's will and follow God's law." These sermons give the teaching of the Church towards these ends.

It is unfortunate that the T'ou-se-wei Press does not use the accepted style of quotation marks in printing a book in English. The method employed is disturbing to the reader.

R.

A Useful Bibliography

RECENT BOOKS ON INTERNATIONAL RELATIONS—Compiled by Robert Gale Woolbert. Foreign Affairs, New York, 1939. 19 pages.

A bibliography similar to this is prepared and issued four times a year by *Foreign Affairs*, an American quarterly review. Following sections devoted to general books on political, military, legal, economic and social subjects, the bibliography is divided according to countries. The Far Eastern division numbers but six items: Gunther's *Inside Asia*, *Chine et Japon* by R. D'Auxion de Ruffé, the the posthumous book on Japan's government by Dr. Reischauer, the young Princeton professor killed at Shanghai in 1937; Fei's *Peasant Life in China*, an excellent description of pre-war village life and economy in the Yangtsze Valley; *The Menacing Sun* by Mona Gardner, and the belated announcement of *Who's Who In China*, The China Weekly Review's publication.

The compiler has not hesitated to express his opinion of the various items. One sees such phrases as "superficial, uncritical," "passionate and partisan," "violence and exaggerations." But therein lies the value of such a bibliography — not publisher's praise, but critical appraisal.

M.

Burma in Verse

POEMS OF THE FAR EAST—By Elsie Northrup Chaney. Fleming H. Revell Co., New York, 1939. Cloth, 108 pages. Price, U.S.$1.25.

Mrs. Chaney has lived many years in Burma. Her life as a missionary has brought her into close touch with many phases of the country's life and given her a diversity of experience. Her poetry is inspirational rather than deeply poetic. Her six-page preface shows a very real gift for expression in prose, which seems more fitted to her pen than the verse forms.

F.

SHANGHAI MODERN AGE BOOK STORE

(Agents for Newspapers & Magazines)

House 295, Passage 568 Sinza Road, Shanghai

Telephone: 96046

九六〇四六 寄發埠電六 送外埠專賢遞 本埠書報代售

Agents for Chinese and foreign-language books, newspapers and magazines. Special delivery offered.

We serve all book stores and schools locally or in outport.

Catalogues supplied at a charge of 5 cents.

文行辦本 書各及社 報種代專 雜中理門 誌西發代

上海新時代書報社

In the United States Court for China

IN RE. LAST WILL AND TESTAMENT OF MADGE DICKSON MATEER Deceased.	Cause No. 4435 Special Proceedings No. 2314 NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of MADGE DICKSON MATEER, deceased, to present the same with vouchers to the undersigned on or before July 1st, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

CHARLES M. MYERS

Executor of Last Will and Testament of Madge Dickson Mateer, Deceased, c/o Associated Mission Treasurers, Shanghai, China.

Shanghai, China.

In the United States Court for China

In re Last Will and Testament of MABEL MAY REED, Deceased.	Cause No. 4453 Estate No. 2332 NOTICE OF HEARING Filed at Shanghai, China, Dec. 29, 1939. WILLIAM T. COLLINS Clerk.

NOTICE OF HEARING

Pursuant to an order herein made, notice is hereby given to all persons interested that the petition of William Albert Reed for probate of the instrument purporting to be the Last Will and Testament of Mabel May Reed, deceased, will be heard on Tuesday, the 5th day of March, 1940, at 10 in the forenoon, in the Court Room of the United States Court for China at Shanghai.

WILLIAM T. COLLINS
Clerk,
United States Court for China.